

Saddam Hussein
Time is on
his side
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Markets still matter
Why the world's conservative
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Nuclear cuts
Ukraine holds
the key
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Tomorrow's Weekend FT
Zululand: a warrior
nation awakes



FT NEWSPAPER
of THE YEAR

FINANCIAL TIMES

Europe's Business Newspaper

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Van den Broek and Brittan try to settle differences

The European Commission's effort to beef up the EC's foreign affairs portfolio has run into difficulties, with Sir Leon Brittan, the commissioner responsible for trade relations, and Hans van den Broek, who holds the external political portfolio, jockeying for power.

Officials described as amiable talks the two held to clear up the confusion but predicted Commission president Jacques Delors would have to step in to settle their differences. Page 2

Asset switch: The Chinese government's main domestic and international investment agency unveiled a HK\$10bn (\$1.29bn) asset reshuffle which will see its listed Hong Kong entity take a 12 per cent interest in Hongkong Telecom and controlling stakes in power stations on the Chinese mainland. Page 15; Private sector in China, Page 13

Virgin on verge of libel victory
Virgin Atlantic, the independent British airline run by Richard Branson (left), is expected to emerge next week as the victor in its "dirty tricks" libel battle with British Airways. It is understood that, under the terms of an agreement, to be announced in court, BA will pay substantial damages and several million pounds in costs to Virgin Atlantic and Mr Branson. Report and Lex, Page 14; Airlines stage up Japanese discussions, Page 4; France confirms Taiwan jets sale, Page 4; Deal sought on US-UK air links, Page 6

Passive smoking deaths: About 3,000 US non-smokers die from lung cancer caused by exposure to tobacco fumes each year according to a report from the federal agency responsible for air and water quality. Page 14

Nedlloyd, Dutch transport group, said Torstein Hagen, the Norwegian investor who was admitted to the supervisory board in October after a long battle with the company's management, has resigned his seat. Page 17

Peace pleas: Cyrus Vance and Lord Owen, the international mediators, have called for Serbian president Slobodan Milosevic to attend "last chance" peace talks on Bosnia-Herzegovina, due to resume in Geneva on Sunday. Page 14

American Telephone & Telegraph, angered by an alliance between rival MCI Communications and Canada's dominant telephone consortium, has forged an alliance of its own with United Communications of Toronto, the newest company in the Canadian long-distance market. Page 15

Oil warnings: Indonesia's President Suharto, unveiling the 1993-94 budget which included the removal of Rp3,000bn (\$1.45bn) in fuel oil subsidies, said the country should prepare for a fundamental change in the economy when, by the end of the century, it becomes a net oil importer. Page 3

Israeli moves: Israel made its first concession on the fate of 415 Palestinians expelled to south Lebanon, agreeing to allow two Red Cross officials to visit the encampment housing the alleged Islamic fundamentalist militants. Page 3

IRI, Italian state holding company, is to break up and partially dispose of its SME foods, catering and retailing unit in what could be one of the country's biggest sales this year. Page 15

Nokia: The Finnish electronics group said it had won an FM700m (\$134.7m) order for a digital telephone system from Malaysia, in a move which strengthens the company's position in the expanding Asia-Pacific market. Page 4

Defence fears: US president-elect Bill Clinton's choice to be the next defence secretary warned that the new administration might find it difficult to cut defence spending by only as much as projected by departing president George Bush, let alone achieve the bigger savings Mr Clinton called for in his election campaign. Page 5

Marines attack: US marines dealt a devastating military blow to Gen Mohamed Farrah Aidid, Somalia's strongest person, seizing a huge arsenal of tanks, armoured personnel carriers, battle wagons and heavy artillery pieces in a dawn attack in Mogadishu. Page 3; Picture, Page 14

Talks speeding up: The next two weeks will see a sharp increase in the rate of negotiations to agree a "solidarity pact" in Germany between central and local government, opposition, trade unions and employers. Page 2

STOCK MARKET INDICES		STERLING	
FT-SE 100	2,818.5 (+0.5)	New York lunchtime	5,132.25
Yield	4.31	London	1.526
FT-SE Euroshare 100	1,081.92 (+0.78)	\$	1.526 (1.542)
FT-A All-Share	1,362.73 (+0.11)	DM	2.5126 (2.52)
Nikkei	16,780.88 (+1.9)	FF	8.54 (8.58)
New York lunchtime	3,308.76 (+4.5)	SF	2.225 (same)
US Jones Ind Ave	4,335.28 (+0.74)	Y	192.25 (193)
SEB Composite	433.28	E Index	81.8 (81.7)
US LUNCHTIME RATES		DOLLAR	
Federal Funds	3 1/4 %	New York lunchtime	1.526
3-mo Time Bill: YN	3.147%	DM	5.53
Long bond	102.93	FF	1.4335
Yield	7.392%	Y	125.255
LONDON MONEY		London	1.536 (1.5345)
3-mo Interbank	7 1/4 % (same)	DM	5.56 (5.57)
Libra long ght future: Mar 100 (L)	Mar 101 (L)	SF	1.4225 (1.4265)
115-day (Feb)	\$17.825 (17.725)	Y	125.15 (125.25)
NORTH SEA OIL (Argus)		\$ Index	66.7 (66.7)
Brut 15-day (Feb)	\$17.825 (17.725)		
Gold			
New York Comex (Jan)	\$328.7 (328.8)		
London	\$328.15 (328.35)		
		Tokyo close Y	125.00

Austria	Sc30	Greece	Dr300	Lux	LF180	Qatar	QR12.00
Belgium	Dfr1250	Hungary	Ft182	Malta	Lm650	S.Arabia	Sr11
Belgium	Bfr100	Ireland	Ir180	Morocco	Mdh13	Singapore	S\$1.10
Bulgaria	Blev20.00	India	Rs40	Neth	Fl 3.75	Spain	Pes200
Cyprus	Cy21.00	Indonesia	Rp2800	Nigeria	N1015.00	Switzerland	Sfr1.20
Czech	Kcs35	Israel	Shs4.50	Norway	Nkr15.00	Switzerland	Sfr1.20
Denmark	Dkr15	Italy	Lt200	Oman	OmR1.50	Syria	Sy25.00
Egypt	Eg2.50	Jordan	Jd1.50	Pakistan	PkR5	Thailand	Thb50
Finland	Fm12	Korea	Won200	Philippines	PhP40	Tunisia	TnD1.250
France	Ffr5.50	Kuwait	Kwd1.00	Poland	Plz20.00	Turkey	Lg000
Germany	Dm3.30	Lebanon	Llb1.25	Portugal	Esp15	UAE	Dh11.00

Iraq starts to move missiles as UN deadline nears

By Jurek Martin in Washington and Robert Mauthner in London

IRAQ yesterday began moving its anti-aircraft missiles from threatening positions near the no-fly zone in the country's south, the US defence department said. It had no immediate information about where they were being moved, and concern remained that they were merely being transferred to better fortified emplacements.

Officials insisted it was "premature" to conclude that Pres-

ident Saddam Hussein was making a "positive response" to the 48-hour ultimatum of United Nations-sanctioned military retaliation, due to expire tonight. They noted that Mr Saddam had frequently employed the tactic of "cheat and retreat" in testing the resolve of the US and its allies.

Earlier, Baghdad had defied the UN ultimatum. Mr Tariq Aziz, deputy prime minister, was quoted by the official Iraqi news agency as saying that "it is the right of Iraq to deploy air

defences throughout the country". He also denied that Iraq was using the impending change of government in Washington as an opportunity to improve its military posture. Unless it was clear that the missiles had been moved out of the air exclusion zone, British officials said allied aircraft would attack military targets in Iraq within hours of the ultimatum expiring.

The Soviet-made SA-2 and SA-3 missile batteries were moved adjacent to the 32nd parallel after the Downing on December 27 of

an Iraqi MiG aircraft by US jets when it violated the UN-proscribed no-fly zone. President George Bush was described as resolute following a morning meeting with Republican congressmen. President-elect Bill Clinton's spokesman also said he was in agreement with the policies pursued by Mr Bush. "There will be no toleration of any violations of the UN resolutions by Saddam," Mr George Stephanopoulos said.

Britain warned Iraq of "very serious" consequences if it did not comply with the demand by the US, Russia, Britain and France to remove the missiles from the no-fly zone.

Mr Haidar also rejected a Kuwaiti accusation that Iraqi border forces attacked one of its frontier posts. Kuwait's interior ministry said 25 personnel from an Iraqi frontier post opened fire on the border post 50 miles north of Kuwait City on Tuesday night. UN observers said they were investigating the incident.

Editorial Comment, Page 13
Dangers behind the stand-off with Iraq, Page 3

Bundesbank raises hope of early cut in discount rate

By Christopher Parkes in Frankfurt and James Blitz in London

THE BUNDESBANK eased its short-term money market interest rates yesterday, raising speculation that cuts in its Lombard and discount lending rates could come as early as next month.

The central bank council's decision to relax the terms applied in its securities repurchase operations with banks was a "small but psychologically important signal that rates are off the top", said Mr Richard Reid of Union Bank of Switzerland.

The cut in money market rates helped to ease some of the recent tensions inside the European exchange rate mechanism, pushing the French franc further away from its floor against the D-Mark.

Mr Avinash Persaud, a currency economist at UBS Phillips and Drew in London, said: "This marks the passing of the peak of the pressures in the ERM."

However, the move had little impact on the punt, which continued to trade below its floors against the Belgian franc and the Dutch guilder.

Council members decided at yesterday's unusually lengthy meeting that the so-called "repo" rate would be reduced to 8.60 per cent from recent levels of 8.75 per cent and higher.

Mr Helmut Schlesinger, Bundesbank president, said later that the move was "not a signal, but a continuation of our existing policy of relaxation in money markets".

Germany cedes the lead on European interest rates
Boon to speed talks on pact
West German jobless total increased by bad weather
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esbank president, said later that the move was "not a signal, but a continuation of our existing policy of relaxation in money markets".

There were suggestions yesterday that the Bundesbank would await the outcome of talks on this year's public sector wage round and state budget in Germany before taking any more decisions on whether to ease policy.

However, yesterday's move was widely read as an indicator that the bank wanted to, and was preparing to, reduce other rates.

"The bank is engaged in a very sophisticated public relations exercise, getting people used to the idea that changes are coming," said Mr Martin Hüfner, chief economist at the Bayerische Vereinsbank.

He expected cuts in the leading rates within the next two months, while Mr Axel Siedenberg at Deutsche Bank Research suggested that change could come within four to six weeks if the central bank continued cut-

ting the "repo" rate, which has recently been steered down by more than 100 basis points. Most German experts had expected Lombard and discount rate reductions at the end of March or later.

Mr Theo Waigel, finance minister, who has been exercising discreet pressure for relaxation in monetary policy in the light of deteriorating domestic economic conditions, said the latest move would give a positive impulse to international economic development, in Europe especially.

But Mr Wolfgang Roth, economics spokesman for the Social Democrat opposition, accused the bank of neglecting its domestic and international responsibilities.

Mr Schlesinger, who on Wednesday firmly squashed lingering hopes of a cut this week in leading lending rates, said yesterday's decision followed "an exhaustive debate on the monetary and currency situation".

Local experts, who suggested that industrial orders data had probably been released early by the economics ministry in an attempt to influence the council, dismissed some interpretations that the move was intended to help relieve pressure on the French franc still close to its floor within the ERM.

"If they wanted to help, they would have cut the Lombard and discount rates," Mr Hüfner said.



Bundesbank president Helmut Schlesinger: easing is 'not a signal'

Ireland doubles overnight loan rate

IRELAND'S central bank was forced yesterday to raise its leading overnight rate from 50 per cent to 100 per cent as the punt continued to come under intense pressure inside the European exchange rate mechanism, wrote Tim Coone in Dublin and James Blitz in London. The Bundesbank's decision to trim its short-dated money market rates raised hopes that the ERM might survive recent tensions, and allowed a number of European countries - including Belgium and the Netherlands - to cut their interest rates.

However, the punt continued to face selling pressure and traded at its floors against two of the strongest ERM currencies, the Belgian franc and the Dutch guilder.

The Central Bank of Ireland decided to raise its overnight rate to the new level after official ERM trading closed in London at 4pm.

The Belgian and Dutch central banks cut their rates in moves which undermined the easier policy stance shown by the Bundesbank. The Dutch central bank reduced three important rates - the discount, secured loans and promissory note rates - by 25 basis points to 7.5, 8.0 and 8.5 per cent respectively.

The Belgian central bank cut its discount and emergency lending rates by 25 basis points to 7.50 and 10 per cent respectively. The Swiss national bank cut its discount rate by half a point to 5.5 per cent. The Austrian central bank cut its discount rate to 7% per cent from 8 per cent.

Couturier Escada plans sale to prop up balance sheet

By David Waller in Frankfurt

ESCADA, the up-market German fashion house which was one of the success stories of the 1980s, is struggling to stave off mounting financial difficulties.

Yesterday, it announced that it would sell one of its subsidiaries to prop up its balance sheet. It also reported an operating loss for the 12 months to the end of October 1992, and the erosion of a third of shareholders' equity.

The shares fell by 10 per cent yesterday and the day before. They closed at DM108 last night, a drop of 87 per cent from last year's high of DM555.

Escada said that once it had completed the sale of the unnamed subsidiary, its balance sheet would be as strong as at the end of the previous financial year.

Escada, founded in 1976 by Mrs Margareta Ley and her husband, was enthusiastically received when it came to the stock market in 1986. Acquisitions helped it double its sales between 1989 and 1991, to DM1.38bn (\$850m) a year.

Mrs Ley fell ill, however, and died in June 1992. Since then, the company has lost investors' favour.

The company yesterday blamed

the recession for its problems, adding that it had been particularly surprised by the severity of the recession in Germany last autumn.

Escada's three traditional labels - Escada, Laurel and Crispa - have attracted affluent women customers, willing to pay DM2,000 for a suit.

It specialises in designing good-quality clothes for women who, in the words of Ms Deborah Catlikeas at stockbrokers James Capel in London, "are so successful - or at least their husbands are so successful - that they don't need to work at all."

Escada's clothes were as popular with the new rich of Moscow as with Mrs Norma Major, wife of the British prime minister, and with wealthy wealthy Parisiennes and New Yorkers.

The company has had difficulty in integrating recent acquisitions, especially Schneberger and Kemper, bought in 1987 and 1988 respectively. These purchases took Escada into a lower segment of the market than its core business.

The company said that despite the recession, sales for the year to October 1992 would probably hold up at the same level as the previous year. Profits in 1991 fell 23 per cent to DM45.1m.

Calls grow for probe into safety of tankers

By James Buxton in Sumburgh and David Owen and Deborah Hargreaves in London

A POLITICAL row broke out in Britain yesterday over the terms of the government's inquiry into the Braer tanker disaster off Shetland.

As gales prevented salvage teams from boarding the vessel to see how much of the tanker's cargo of 84,000 tonnes of crude remained in its tanks, Members of parliament and maritime unions called for the inquiry to be broadened to cover all aspects of tanker safety.

Mr Brian Orrell, assistant general secretary of Numast, the shipping officers union, said the government "is skirting round the real issue." The union would like to see the inquiry broadened to cover the "horrendous decline in safety at sea."

Mr John MacGregor, transport secretary, said his department's Marine Accident Investigation Branch would investigate six areas: the causes of the accident; the action taken to prevent it; the seaworthiness of the vessel; the competence of the crew; and the

Continued on Page 14
US debate on regulations, Page 6

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November, 1992

Germany cedes the lead on European rates

David Marsh on how inflation robbed Frankfurt of its place as the EC's interest policy model

DURING most of the 14 years of operation of the European Monetary System (EMS), one country habitually has had the EC's lowest short-term interest rates: Germany.

As part of the seismic shift in the European monetary landscape caused by the strains of German reunification, that has changed.

Reset by an inflation rate of close to 4 per cent - twice as high as the Bundesbank would like - and a high budget deficit, Germany has lost its place as the Community's interest rate paradigm.

With Europe suffering its period of slowest growth for more than a decade, all countries are easing their monetary policies. But Germany - as was underlined by the low-profile action from the Bundesbank yesterday - is adopting a more cautious stance than the others.

D-Mark interest rates are therefore being undercut by a number of countries both within and outside the exchange rate mechanism.

The Bundesbank's main obligation is to control German

inflation, not to solve the difficulties of weaker currencies in the EMS. The central bank is still far from confident that German inflationary pressures have been brought under control.

Among the 17 members of the EC and the European Free Trade Association, only five - Austria (4.1 per cent), Italy (4.7 per cent), Spain (5.2 per cent), Portugal (5.7 per cent) and Greece (15.9 per cent) - have higher inflation rates than Germany's 3.8 per cent.

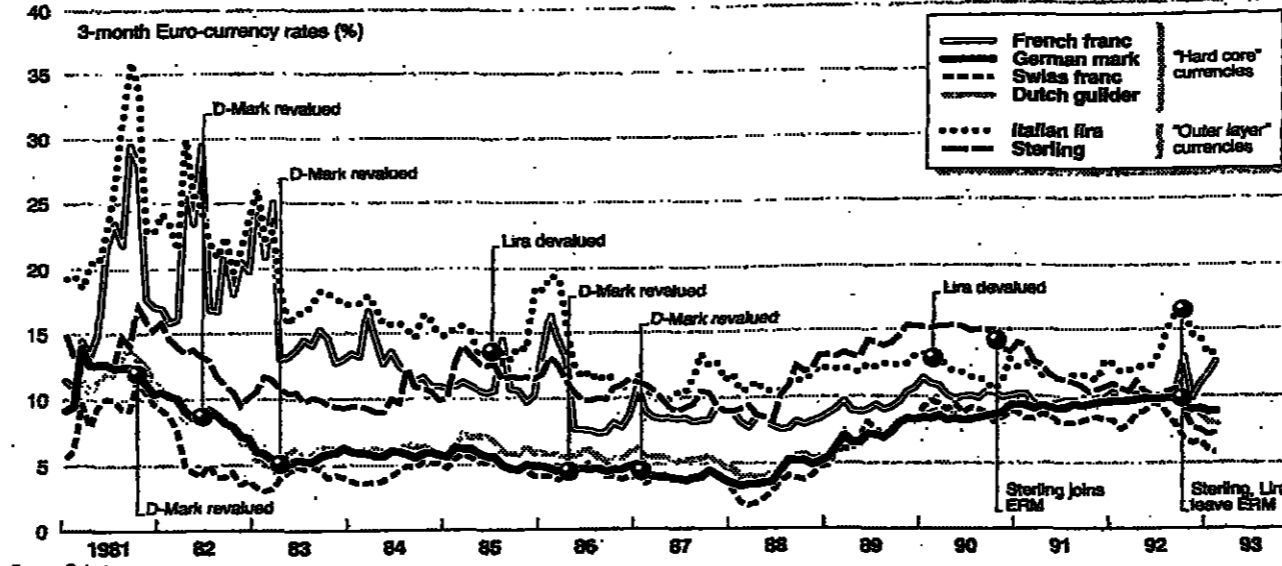
Yesterday's cuts in Dutch and Belgian official interest rates illustrate a trend in evidence since December 1991. Whereas in the past the Bundesbank's monetary moves nearly always triggered identical policy action in neighbouring countries, other EMS members are now able to take a more independent line.

The same is true of Switzerland and Austria, two countries outside the EMS which traditionally have kept their currencies and their monetary policies closely aligned to Germany's.

Hours before the Bundesbank's council completed its

How European interest rates have converged

Since 1992 D-Mark interest rates no longer lowest in ERM



Source: Datastream

deliberations, Switzerland felt bold enough to cut its discount rate 0.5 percentage points to 5.5 per cent, taking it 2.5 points below the corresponding German level.

Within the EMS, Germany now has four "hard core" partners which have kept their exchange rates close to the D-Mark in recent years: the Netherlands, Belgium/Luxem-

bourg, France and Denmark. The first two now have lower short-term interest rates than those in Germany.

Yesterday, three-month Euro-D-Mark rates stood at 8.5 per cent, against 8.3 per cent for the Belgian franc and 8.2 per cent for the guilder.

The Dutch and Belgian central banks have been able to act independently of the Bundesbank in making several suc-

cessive cuts in key interest rates since September's European monetary unrest.

The Belgian National Bank, which formally pegged its currency to the D-Mark in 1990, stressed yesterday that it acted "in concert" with the Netherlands central bank.

Both the Dutch and the Belgians justified their action on

the grounds of their currencies' strength within the exchange rate mechanism. Both central banks this week have had to intervene to support the Irish punt.

Explaining that the guilder's external strength gave the Netherlands Bank more leeway to cut rates, a Dutch official said yesterday: "We are abiding by the rules of the

game. We are at the top of the ERM grid."

The Swiss National Bank's go-it-alone move on the discount rate marks a further attempt to take advantage of the central bank's small margin of monetary policy independence.

In December 1991, the bank decided not to follow the Bundesbank when it raised its rates by 0.5 percentage points. But the Swiss franc fell rapidly once the gap with German rates widened - leading the National Bank to drive up interest rates and rein in monetary growth in the early summer.

After the autumn monetary unrest revived the Swiss franc's attractiveness as a haven currency, it strengthened considerably. Furthermore, amid continued recession in the Swiss economy, the Swiss National Bank's main target, the monetary base, showed a 1 per cent contraction between the fourth quarters of 1991 and 1992.

A spokesman for the Swiss National Bank yesterday underlined how the bank was taking no risks yesterday in cutting the discount rate. "We are confident that the Swiss franc will remain a stable currency this year," he said.

Additional reporting: Ian Rodger in Zurich and Andrew Hill in Brussels

Bonn to speed talks on pact

By Quentin Peel in Bonn

THE next two weeks will see a sharp increase in the tempo of negotiations to agree a "solidarity pact" in Germany, between central and local government, opposition, trade unions and employers, before the end of the month.

Senior officials said yesterday that Chancellor Helmut Kohl remained committed to the idea of a broad agreement on budget cuts, wage restraint and increased private-sector investment, in order to boost the east German economy.

It would be submitted to the parties in the German Bundestag by the end of January.

A deal is seen as essential to pave the way for a cut in interest rates by the Bundesbank. The bank has been insisting on clear evidence of wage restraint from the unions, and budget discipline from central and local government, before it relaxes its tight monetary policy.

Government and trade union officials dismissed claims yesterday by opposition Social Democrats that the negotiations had collapsed because of the insistence of Mr Kohl and Mr Theo Waigel, his finance minister, that savings must include significant cuts in social spending.

The need for social spending cuts is one main conflict area, while another is how to share the burden of spending cuts between the central government, the 16 federal Lander, and local authorities. How far

the trade unions can go in publicly committing themselves to wage restraint, in both east and west Germany, is also open to question.

The first round of talks of the year is scheduled for the weekend, when Mr Waigel will meet a committee of finance ministers from the Lander in Stuttgart, to try to agree on measures to keep their spending plans to a maximum 3 per cent growth. If they fail, Mr Kohl will be advised by his officials to take over the negotiations.

Talks also begin today on a public-sector pay deal. The trade unions are seeking a pay rise of up to 5.5 per cent, while the government side wants to keep the increase to a maximum 3 per cent.

The most obvious sign of progress in the solidarity pact talks has been the agreement by Mr Kohl to draw up a new industrial policy for east Germany. The aim is to preserve "core industries", even if they cannot immediately be sold off to the private sector.

The problem remains to define which industries can be saved, and how long to give them to restructure before cutting off support.

Officials say a general willingness exists in the business sector to step up investment in east Germany, provided a clear commitment is made by the trade union side on wage restraint. The pact could end up as a joint declaration of all participants, or a series of independent declarations.

Combination of recession and harsh weather adds to job cuts and short-time working

Jobless total grows in western Germany

By Christopher Parkes in Frankfurt

THE combined effects of harsh winter weather and recession pushed 150,000 west Germans out of work last month, raising the jobless total to more than 2m. Numbers on short time surged by 180,000, the federal labour office said yesterday.

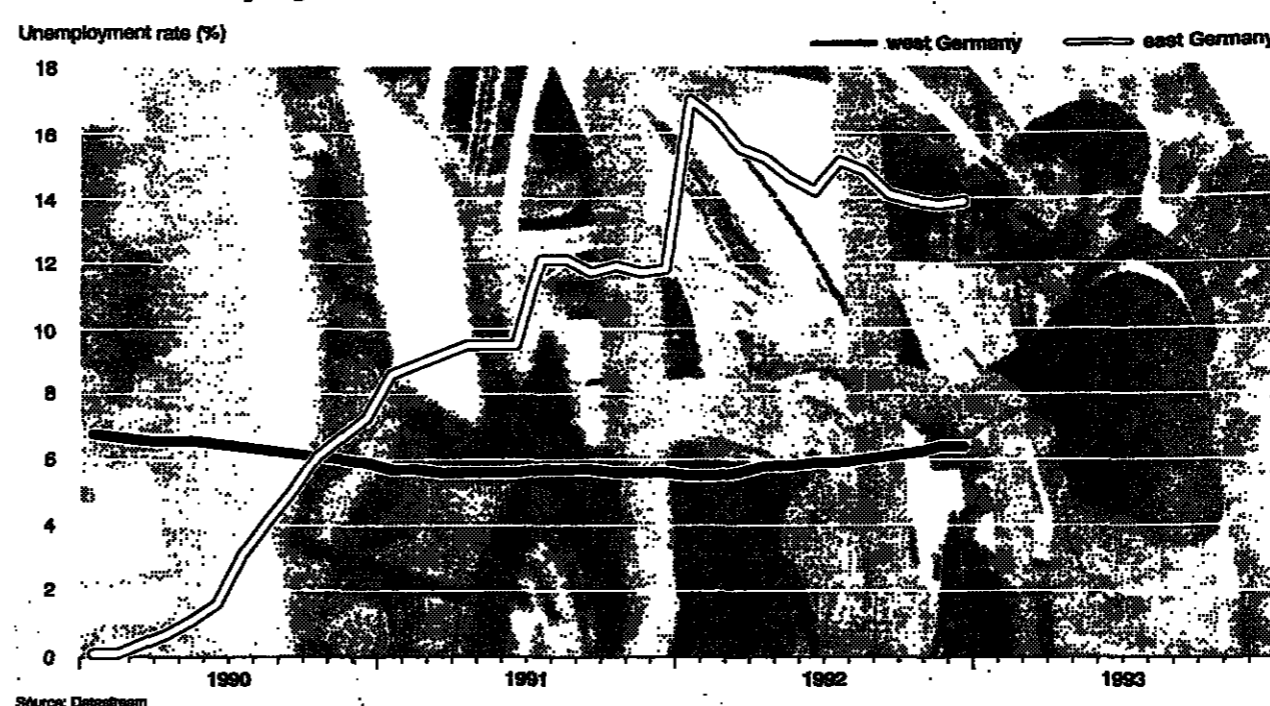
Mr Heinrich Franke, labour office president, who recently forecast average unemployment this year of 2.1m, blamed the weather for the sharp increase. The seasonally-adjusted total for December was 1.97m, up just 20,000, he said.

However, the critical underlying trend in the labour market was highlighted by the jump in short-time working and figures from the federal statistics office which showed that numbers employed in the west fell during November for the first time since the mid-1980s.

German industry's capacity to create jobs faded markedly during the year as economic decline accelerated and companies unveiled medium-term plans to slash tens of thousands of jobs.

Some 650,000 people were effectively laid off during the month compared with 478,000 in November and 173,000 in December, 1991. The figure was swollen by leading vehicle makers which sent workers

German unemployment



Source: Datastream

Volkswagen staff are among many carworkers in Germany taking an extended Christmas break, with short time working expected to continue until the spring. The numbers on short time surged by 180,000 last month.

home before Christmas for extended breaks.

According to the labour office, the average unemployment rate in west Germany last year was 6.4 per cent compared with 5.7 per cent in 1991. In the former East Germany the number unemployed in December was 1.1m, barely changed on the month, although a little below the year's average of 1.17m.

Mr Franke pointed out that a further 355,000 easterners were still occupied in state-funded work-creation schemes during

the month. The labour market was "stagnant," he said, and there was still no sign of any improvement.

Western industry's plight was further underlined by a renewed fall in incoming orders. The value of new contracts signed in November was a real 10.5 per cent lower than a year earlier and 0.6 per cent down on October, the economics ministry said reported yesterday.

A comparison of aggregate orders received in October and November with the previous

two months showed a 6 per cent slump and a 9.4 per cent decline against the comparable period in 1991.

The growth in unemployment was yesterday linked to an estimated 10 per cent rise last year in the number of crimes committed in Germany, a top policeman said yesterday, Reuters reports from Bonn.

Mr Hans-Ludwig Zachert, head of Germany's Federal Crime Office, said early figures showed nearly 6m crimes in all of Germany in 1992, a record number, compared with 5.3

million the year before.

He said the police, especially in economically depressed east Germany where only 30 per cent of cases were solved, were failing to keep up with the crime wave.

"This further rise in crime is characterised by an enormous burst of aggression," Mr Zachert said. "More and more perpetrators, especially during robberies, are markedly brutal. In 1992 there was more shooting and more threats using arms than ever before."

French industry given FF11bn VAT lifeline

By William Dawkins in Paris

THE French government yesterday threw a FF11bn (\$2bn) lifeline to businesses, to help them through the high interest rates needed to defend the franc.

Mr Pierre Bérégovoy, the prime minister, announced that companies will be able to claim back a proportion of value added tax on their monthly purchases faster than

before. Companies can in their February VAT returns deduct 10 per cent of the VAT due on their January purchases, on top of the deductions on December purchases that would normally figure in next month's returns.

They will be able to make the same advance deductions in future months, said Mr Bérégovoy. This would "lighten company charges and limit the consequences of the temporary

rise in interest rates," said the Budget Ministry.

The measure received a cool welcome from the Patronat employers' association, which called it "partial and limited" despite the fact that employers lobbied unsuccessfully for just such assistance in last autumn's budget. It will further increase the current year's government deficit, already set at FF165bn in the budget.

French interest rates are among the highest in real terms in Europe. On Tuesday the central bank raised one of its official rates to fend off fresh speculation against the French franc. The government's hard franc policy obliges it to wait for a significant drop in German rates before it responds to demands from business and some members of the right wing opposition for lower French borrow-

ing costs, seen as badly needed to stimulate the flagging economy and reverse the growth in unemployment.

Industrial investment will show no real recovery this year after falling by 5 per cent in 1992, according to a study earlier this week by Banque Nationale de Paris. BNP expects French companies' operating profits to rise by 1 per cent this year, a marked slowdown from the 4 per cent rise of last year.

Danish stores in frontier fightback

By Hilary Barnes in Copenhagen

DANISH retailers have launched an offensive to try to stop their customers from exploiting the European single market to buy goods more cheaply south of the border in Germany.

Service-Ringen, a Copenhagen-based stores chain specialising in electrical goods, is leading the campaign to circumvent a 10 point difference in German and Danish rates of value added tax.

The group is inviting customers to choose goods at one of its Danish stores. Delivery is then made from one of its outlets in Germany, where VAT is only 15 per cent, against 25 per cent in Denmark.

The purchases carry normal Danish guarantees and service contracts. Mr Ken Zillmer, the group's managing director, said customers making typical purchases were saving between DKK300 (\$48) and DKK500 in VAT.

Sales are "excellent," he said. "We know that our customers will run hard just to save DKK100. Now that they can save DKK300-500, they are running even harder."

The customer has to pay for transport. Under EC rules, laid down to prevent mail order

houses exploiting VAT differences, German stores are not allowed to provide transport to a Danish address.

However, transport companies are displaying advertisements in Service-Ringen stores offering to bring back purchases from Germany to Denmark for DKK170, including VAT at the German rate.

Other leading Danish stores selling furniture, carpets and electrical goods are watching Service-Ringen's venture with a view to starting up their own German supply systems.

The Fleggaard group, which operates stores just south of the border with Germany, will accept orders for electrical goods by telephone. It is also offering to sell yacht sails made by one of Denmark's top-flight sail-makers, allowing thousands of kroner in VAT savings.

Fleggaard plans to offer Danes savings on goods purchased at any store in Denmark, provided they spend at least DKK20,000.

A Fleggaard company in Denmark will buy the goods from the Danish store, re-sell it to its German store, and invoice the customer from Germany. The legality of this system is still being discussed.

Danish retailers' aim is to persuade the Danish government to lower the VAT rate. However, Mr Peter Brixtofte, minister for taxation, said, "We are keeping an eye on the situation, but we have no plans to change the VAT rate."

EC commissioners in territorial wrangle

By Lionel Barber in Brussels

THE European Commission's effort to beef up the EC's foreign affairs portfolio has run into difficulties, with commissioners and civil servants jockeying for power.

Sir Leon Brittan, the senior UK commissioner responsible for trade relations, tried to clear up the confusion during a lunch yesterday with Mr Hans van den Broek, the former Dutch foreign minister who holds the external political portfolio.

EC officials described the talks as amicable, but predicted that Commissioner president Jacques Delors would have to step in to settle differences between Sir Leon and Mr van den Broek, both political heavyweights.

The turf battle was caused by the Commission's decision to split the external affairs portfolio previously held by Mr Frans Andriessen, the long-serving senior Dutch Commissioner who departed last month.

Mr van den Broek inherited external political relations and the lead role in "enlargement" talks with applicants for EC membership - Austria, Sweden,



Hans van den Broek: wants to be political supremo



Leon Brittan: portfolio embraces economic matters

Finland and Norway. Sir Leon, previously responsible for competition, is to handle trade relations with industrial nations, including the Gatt multilateral trade talks, anti-dumping policy and aid to eastern Europe and the former Soviet Union. Last month, both men stressed

their common liberal and "Atlanticist" views, but difficulties have arisen over the allocation of duties.

One model is to divide the civil service according to geographic regions. Others prefer a split between politics and economics, with Mr van den Broek

effectively the EC's "political supremo" - an ambition he clearly outlined at the first full meeting of the Commission on Wednesday when he spoke at length about the former Yugoslavia, Somalia and the plight of Palestinian refugees stranded in southern Lebanon.

But EC officials admit that the world is not carved up so easily. For example, Sir Leon is expected to lead the EC side when a high-level Japanese delegation arrives in Brussels on January 15 for talks on trade, investment and the global economy. Moreover, some countries such as Korea and Mexico resist being classed as developing countries, which are the responsibility of a third commissioner, Mr Manuel Marin of Spain.

The result is that no one in Brussels is sure which commissioner is directly responsible for relations.

To add to confusion, a new recruit to the Commission is Mr Joao de Deus Pinheiro, the highly regarded former Portuguese foreign minister who is expected to pitch in on foreign affairs.

"At this rate, we will have to organise a peace conference in Brussels to settle the differences," quipped one observer.

Asylum law may face delay

By Judy Dempsey in Bonn

PARLIAMENTARY approval of constitutional amendments to Germany's liberal asylum laws is expected to be postponed until next month because of concern among legal experts that they are incompatible with the European Community's Dublin and Schengen agreements.

Those agreements, yet to be ratified by all EC member states, are aimed at regulating the status of refugees in any EC country. In essence, they state that the EC country which issues a visa to a refugee or would-be asylum seeker, is responsible for that person even if he or she enters another EC country in transit.

However, amendments worked out last December between the ruling Christian Democratic Union/Christian Social Union and Free Democrats coalition government, and the opposition Social Democratic party in response to the rise in right-wing violence against foreigners, might not be able to participate in the Dublin and Schengen agreements.

One main amendment to the asylum law, enshrined in Article 16 of the constitution, says Germany has the right to send back any person entering the country from a safe neighbouring third country, including Poland, the Czech republic and the Slovak republic. Over 70 per cent of asylum seekers arrive in Germany by land, some 10 per cent through airports.

Even if the asylum law is passed by the Bundestag, or further amendments are made to conform with the Dublin and Schengen agreements, FDP officials in particular, argue these will not curb extreme right-wing nationalist movements, or reduce the sense of alienation among the country's 6m foreigners who have no citizenship rights.

'No more nuclear arms cuts for now'

By David White, Defence Correspondent

THE VEXED issue of whether British and French nuclear arsenals should be included in the arms control process may not have to be addressed for some years, a senior US official indicated yesterday.

Mr Ronald Lehman, director of the US Arms Control and Disarmament Agency, said he did not expect a further round of nuclear arms cuts for the time being. Implementation of this month's Start II treaty, designed to reduce US and Soviet strategic stockpiles to 3,000-3,500 warheads each, would "keep us quite busy".

The priority for the US was to reach agreement on help to Russia so that the Start cuts, not due to be completed until 2003, could be accelerated. On widening nuclear disarmament, he said: "We have had enough difficulty dealing with the US, the Soviet Union and now Russia. It may be a bit premature talking about the next leap."

The Start 2 pact rested on assuming all strategic weapons held in Ukraine, Belarus and Kazakhstan would be gone within the seven-year completion period of the original Start I pact of 1991. Speaking on a Worldman satellite TV link, Mr Lehman was sure Ukraine would join the Nuclear Non-Proliferation Treaty. The US had pledged that all short-range nuclear arms formerly dispersed around the Soviet republics had been accounted for.

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مكتبة من الأعمال

In spite of the latest sabre rattling by the west, Saddam Hussein continues to call the tune

Dangers behind the stand-off with Iraq

By Roger Matthews,
Middle East Editor

THE PERVERSITY of Middle East politics makes it probable that the longer the confrontation lasts between President Saddam Hussein and the western allies the greater will be the benefit to the Iraqi leader and others who want to undermine the more conservative regimes in the region.

The US, Britain and France would be bound to react militarily if surface-to-air missiles were to remain in the exclusion zone imposed south of the 32nd parallel last August. The missiles threaten allied aircraft and, like yesterday's skirmish at the Kuwait border, appear designed to provoke a response.

Limited air strikes against the missile batteries would make little difference to the situation on the ground and will not assist the Shia population in the south. Politically it seems unlikely to hasten Mr Saddam's departure.

However, in the wider

Islamic context, any allied action could be presented in a very partial light. Further bombing of Mr Saddam's forces will contrast sharply with the perceived Allied indifference to the fate of Muslims in former Yugoslavia. Such vigorous western insistence on Iraqi compliance with UN resolutions will be set alongside the tolerance of Israel's rejection of UN resolution 799 demand-

ing that it Israel takes back 415 Palestinians it ejected from the occupied territories.

The west's friends in the Middle East were unhappy about the southern air exclusion zone when it was imposed. They feared the start of a process which would divide Iraq into three: the autonomous Kurdish region in the north, the Shias in the south, and the central portion controlled from

Baghdad.

Iranian officials point out that the two air exclusion zones incorporate the areas where Iraq's main oil fields and pumping stations are located, Kirkuk in the north and Basra in the south. They choose to see the US-led action as an extension of its policy to secure control of Middle East oil supplies, with Kuwait and Saudi Arabia having already in

effect been militarily occupied.

Kuwait, which will always feel vulnerable to its northern neighbour, is the only Gulf country which fully backs an American military presence. The fear for other countries, in particular Saudi Arabia, is that the allied air forces and navies are becoming a fixture.

After the Kuwait crisis it was with a sense of huge relief that the ruling family in Saudi

Arabia watched the bulk of the US forces depart. The financial damage to the nation's exchequer had been substantial but the social and political fabric had survived with no more than a containable backlash from the more extreme clergy.

Evidence of Saudi sensitivity to international attention was again evident when visa requests from American journalists were refused last summer as US aircraft returned to Saudi bases to police southern Iraq.

Now, more than ever, there is no obvious cut-off point or moment when victory could be declared and the Shias said to be safe from persecution. Worse than that, Saddam Hussein will see it in his interest to keep a US military force in the region as a way of deflecting attention in Baghdad from worsening economic conditions. In such an open-ended situation it is the Iraqi leader who can call the tune, while it may be the western allies who ultimately suffer more from their response.

ALLIES CONFIDENT OF AIR SUPERIORITY

THE US, France and Britain have been able to wield the threat of overwhelming air power to back up the UN's ultimatum to Iraq over the recent deployment of anti-aircraft missiles in the country's southern no-fly zone, writes David White, Defence Correspondent.

More than 200 US, French and British combat aircraft deployed within striking distance of Iraq provide a force considered by the US

defence department to be easily sufficient for a punitive action.

Three quarters of these fighters and bombers are based in Saudi Arabia, including 20 F-117A "Stealth" aircraft - the type that led the air attacks on Baghdad in January 1991 - stationed at the southwestern base of Khamis Mushayt. Aircraft concentrated at Dhahran in eastern Saudi Arabia include US Air Force F-15s

and F-16s as well as F/A-18s and F-14 Tomcats disembarked from the aircraft carrier Kitty Hawk, currently in the Gulf. The US also has specialised anti-radar aircraft in place - versions of the F-111 and F-4 - equipped with jamming equipment and Harb anti-radar missiles. Other aircraft at Dhahran include six British Tornado bombers recently arrived from Bruggen in Germany, and eight French Mirage

2000 fighters. The three allies also have some 52 combat aircraft at Incirlik in southeastern Turkey. The Iraqi air-defence missiles which gave rise to the latest confrontation provide relatively easily targets. The Soviet-made SA-2 and SA-3 are weapons of 1960s vintage, both guided by radar. If the radars were emitting they would be attacked with Harb missiles or the British equivalent, the Alarm.

NEWS IN BRIEF

Tokyo home prices in biggest fall since 1979

RESIDENTIAL property prices in Tokyo fell 14.5 per cent last year, the largest fall since an annual industry survey of prices began in 1979, and a sign of the pressure on financial institutions heavily exposed to the property market, writes Robert Thomson in Tokyo.

The MRD Nationwide Real Estate Information Centre said the sharp fall in Tokyo prices followed a decline last year of 13.5 per cent, while houses on the fringe of the metropolitan area saw a drop of 30 per cent in price.

Prices in Osaka, the second largest city, fell 9.3 per cent, and officials at the centre said further declines are expected this year in both Tokyo and Osaka, as soundings of customer intentions suggested that many are not yet ready to enter the market.

Hindu-Moslem violence flares

Hindu-Moslem violence flared in parts of Bombay yesterday as rival groups battled with guns and swords, taking the death toll in two days of clashes to nine with more than 50 injured, Reuters reports from Bombay.

Indian President Shankar Dayal Sharma meanwhile issued a law acquiring the site of the mosque destroyed last month by militant Hindus in the northern town of Ayodhya. Indian police admitted that paramilitary security forces killed 53 people and torched scores of buildings in the Kashmir town of Sopore on Wednesday in revenge for an attack by anti-Indian militants.

Kenyan talks collapse

A Commonwealth-brokered plan to defuse political tensions in Kenya by arranging a meeting between President Daniel arap Moi and opposition leaders appeared to have collapsed last night, writes Michael Holman in Nairobi.

The country's newly formed opposition alliance ended five days of talks with the announcement that they would take up their parliamentary seats following last month's elections, but failed to say how they would make good their threat to prevent Mr Moi exercising power.

Britain and the Commonwealth observer group came under sharp attack by the opposition, which said it "abhorred" Whitehall's qualified acceptance of the outcome of the election.

Troops besiege Unita base

Government troops besieged Unita rebel headquarters in central Angola yesterday and Mr Jonas Savimbi, Unita's leader, called for the United States to broker an immediate ceasefire, AP reports from Luanda.

Curfew imposed in Dushanbe

A state of emergency was declared yesterday in Dushanbe, the embattled capital of the former Soviet Central Asian republic of Tajikistan, AP reports from Moscow.

Suharto budget makes hefty cut in fuel subsidies

By William Keeling in Jakarta

PRESIDENT Suharto of Indonesia yesterday unveiled a budget for 1993-94 which allowed a marginal increase in government expenditure but included the removal of Rp3,000bn (\$1.45bn) in domestic fuel oil subsidies.

Mr Suharto said Indonesia, Asia's largest oil and gas exporter, should prepare for a "fundamental change" in its economy. By the end of the century it would become a net importer of oil, he said.

The scale of the fuel price increases for the home market were not specified, but donors such as the World Bank and Asian Development Bank have argued for the abolition of fuel subsidies.

"The price increase in fuel oils will be followed by similar increases in electricity tariffs and transport costs," he said. To cushion the blow for public sector employees, Mr Suharto announced a rise in civil service and Armed Forces wages of 12-15 per cent.

Mr Suharto forecast state revenue in 1993-94 would grow 11.1 per cent to Rp62,322bn, more than the rate of inflation currently running at about 6 per cent a year. Higher revenue is forecast from oil exports, accounting for 25 per cent of total revenue, with a budgeted price of \$15 per barrel. Income tax receipts are

expected to rise 36 per cent to Rp14,848bn. Economists warn both targets may be optimistic.

The budget forecasts aid from foreign donors in 1993-94 of Rp9,553bn and puts the cost of servicing the \$50bn public foreign debt at Rp16,425bn. By law, government expenditure must not exceed revenue. The President Suharto announced over Rp3,000bn for road construction and power sector, education and agriculture schemes.

A budget of Rp660bn was also announced for science and technology, although donors say actual funding for state-owned industries involved in aircraft, shipping, telecommunications and munitions manufacturing is much higher.

Mr Suharto said the current account deficit in the fiscal year beginning in April would be \$3.2bn, down from a forecast \$3.8bn in fiscal 1992.

He said 1992 had been a year of mixed fortunes with "strong inflationary pressures, a substantial current account deficit and a flow of commercial offshore loans which has almost exceeded the safe limit".

On the positive side non-oil gas exports rose by nearly 25 per cent to over \$14bn in the first 10 months of last year. This had "strengthened our confidence" in deregulation which would be expanded to other sectors such as agriculture, he said.



President Suharto announces a tough but upbeat budget which aims for higher exports

Algerians ponder sad prospect of more of the same

Political stalemate and economic stagnation in France's former colony are as entrenched as ever, writes Francis Ghilès

ON JANUARY 11 last year, Algeria was plunged into crisis: the president resigned and the country's new leadership suspended elections, in effect declaring war on the opposition Islamic Salvation Front (FIS) which was poised to win a second round of voting.

One year on, Algeria's problems seem further than ever from resolution.

Hardly a day goes by without members of the security forces and Islamic fundamentalists killing each other. The troops and gendarmes have failed to destroy what the prime minister, Mr Belaid Abbès, has called the "spider's web" of Moslem radical groups - many of whom appear to operate independently of the FIS. Allegations of torture, which have been growing since a law

in autumn allowing detention for ten days (often longer in reality) are making Algerians fearful that practices they thought had been abandoned after the bloody riots of October 1988 are back.

New special security units are known locally as *Ninjas* because they operate clad in black-tinted headgear leaving only their eyes visible.

The atmosphere in Algiers is further darkened by tighter government control on the media. Since last summer, articles attacking France, which senior Algerians suspect of taking a lenient attitude towards FIS activists, have become common. Some newspapers have even gone so far as to accuse France of being behind the murder of the former head of state, Mr Mohammed Boudiaf, who was

gunned down by a member of his bodyguard last June.

This at a time when they are hoping to convince the authorities in Paris to refinance part of Algeria's FF930bn (\$3.6bn) debt owed to France. Mr Roland Dumas, the French foreign minister, is due to arrive today in the first visit by a senior official from the former colonial power since the killing of Mr Boudiaf.

Perhaps understandably, western leaders are as confused as ever as to how to deal with Algeria. The view is widespread that a FIS victory would have been both the beginning and the end of Algerian democracy - that it would have been a case, as a senior US official, Mr Edward Djerejian, put it last October, of "one person, one vote, one time."

Those who lead Algeria today, whether civilian or military, are by no means all corrupt. But for the many ordinary Algerians who have neither home nor job, officials are seen as having long enjoyed good jobs, travel and education abroad for their children. The common view of the haves by the have-nots is "ils ont bouffé" (they have been eating, or helping themselves). Bitterness has increased by the sight of the middle classes voting with their feet. Even those who fought France between 1954 and 1962 are queuing up for French passports.

As for the Lazarus-like resurrection of Mr Abbès, who was Algeria's economic overlord throughout the 1965-78 reign of the late President Houari Boumedienne and who was appointed prime minister

last July, it poses more questions than it answers. A hardworking man who brooks no contradiction and whose personal integrity has never been questioned, Mr Abbès was the original architect of Algeria's energy and industrial policies. While the country's gas sector became a success under his guidance, its dash for industrialisation is widely held to have been a failure.

Over the past six months, little has happened in the economic sphere. Imports are now tightly controlled as Mr Abbès sees this as the best way to manage scarce resources. But a 70 per cent debt service ratio leaves his government scant room for manoeuvre to import the raw materials necessary to increase industrial

output, currently running at only half of capacity, and cut unemployment.

The government has made progress in improving its payments record. Over the past two years, commercial arrears have been reduced from over \$800m to as low as \$50m and one year credits by half to \$900m. Hard currency reserves stand at \$1.5bn.

This policy has been made possible by the refinancing of commercial bank debt and bilateral debt with Italy completed last year. Algeria has not broken with the IMF as many had feared. But last week's visit to Algiers by Mr Michel Camdessus, IMF managing director, does not mean the two parties will reach agreement easily.

Whatever reforms the prime minister proposes, he faces an

uphill task in selling them, complicated by the fact that he is operating in a political vacuum. The national assembly remains dissolved. Most town councils have been suspended. The government refuses to talk to the fundamentalists - and to the two main secular opposition parties, the Front de Libération National, which until 1988 was Algeria's only political party, and the Front des Forces Socialistes, whose support is drawn from the Kabyle Berbers in and around Algiers.

It is a deeply unstable mix, and one that leads some observers to wonder how long the army will sit by and watch. It was the army that gave power to Mr Abbès, and the army could take it away. The problem is that the army itself may be as divided as Algerian society.

Israel lets Red Cross visit Palestinians

By Hugh Carnegie in Jerusalem

ISRAEL yesterday made its first concession on the fate of 415 Palestinians expelled to south Lebanon, agreeing to allow two Red Cross officials to visit the encampment where the alleged Islamic fundamentalist militants have been stranded for three freezing weeks.

The announcement came shortly before a senior UN envoy was due in Jerusalem to make a second attempt to persuade Israel to abide by Security Council Resolution 799 demanding that those expelled be allowed to return home.

Premier Yitzhak Rabin was apparently trying to fend off international pressure over the expulsions by making a concession on humanitarian supplies to the 415. But there was no sign he was willing to back down on his refusal to allow the men to return.

The International Committee of the Red Cross said two delegates would be allowed to travel by UN helicopter from Israeli-held territory to the encampment. But the visit would be only to assess condi-

tions and would not include delivery of food or medicines.

Lebanon has refused to allow the Palestinians to proceed deeper into the country or receive supplies, saying they were Israel's sole responsibility. Israel had refused to allow supplies through unless Lebanon did likewise.

Mr Shimon Peres, Israeli foreign minister, and Egypt's President Hosni Mubarak said they hoped the visit of Mr Chinnaya Gharekhan, an adviser to Dr Boutros Boutros Ghali, UN secretary-general, would lead to a breakthrough on the expulsions, which threaten to derail Mid-east peace talks.

Mr Haidar Abdel-Shafi, leader of the Palestinian negotiating team at the Washington peace talks, refused yesterday to return to the talks until those expelled were allowed home.

James Whittington adds from Amman: Mr Robert Adley and Mr Tim Rathbone, UK Conservative MPs visiting Jordan, proposed yesterday that the EC press Israel to reverse the expulsions. The EC's 1975 trade pact with Israel should be reviewed, they said.

W Australia election next month

By Kevin Brown in Sydney

THE Labor government of Western Australia yesterday called an election on February 6, clearing the way for a possible federal election in late February or March.

Mrs Carmen Lawrence, the Western Australian premier, said there had been "no pressure" for a February election from the federal Labor government from Canberra.

However, the announcement removes a major obstacle in the way of an early federal poll if Mr Paul Keating, the prime minister, decides not to wait until the government's three-year mandate expires in June. Federal Labor officials had feared that the unpopularity of

the Western Australian government would hurt the federal government if the state election was delayed until mid-year.

Government strategists hope the early state election will allow disillusioned Labor voters to register a protest against Labor before returning to the party in the federal election.

Western Australia is likely to be crucial for the federal government, which will need to retain four highly marginal seats in the state to win the federal election.

Labor has ruled Western Australia since 1983, but has lost support in the wake of revelations of close relationships between state government officials and Perth businessmen

such as Mr Alan Bond, the bankrupt former entrepreneur. The so-called "WA Inc" revelations led to the resignation in 1990 of Mr Peter Dowding, the then premier, and the sacking of Mr Brian Burke, a former Western Australian premier, as Australian ambassador to Ireland.

Mr Burke, who led the state party to power in 1983, is expected to appear in court in Perth two days after the election to answer criminal charges relating to the WA Inc revelations.

Labor has recovered some support since Mrs Lawrence replaced Mr Dowding but is widely expected to be defeated by the conservative Liberal/National party coalition.

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NEWS: WORLD TRADE

Tanabu to debate rice issue with EC

By Robert Thomson in Tokyo

MR Masami Tanabu, Japan's agriculture minister, plans to visit Brussels next week to argue the country's case that rice should be excluded from trade liberalisation under the Uruguay Round of multilateral trade negotiations.

The Japanese government has said "flexibility" will be shown in handling the issue of rice imports, but Mr Tanabu is under pressure from farmers' groups to show the government is defending their interests in the Uruguay Round.

However, his ministry has already begun studying methods of compensating farmers affected by liberalisation of the rice market, and newspaper opinion polls suggest a large majority of Japanese are in favour of a market opening.

Mr Tanabu is to attend a January 15 meeting of Japanese and EC ministers, which will also be attended by Mr Michio Watanabe, the foreign minister, and Mr Yoshiro Mori, the new minister of international trade and industry.

The Japanese ministers will want also to discuss the recent confusion over whether Italy and France intended to ban imports of Japanese cars.

European consortium widens co-operation talks on super jumbo aircraft
Airbus steps up Japanese discussions

By Paul Belts, Aerospace Correspondent, in Paris

THE European Airbus consortium is stepping up discussions with Japanese aerospace manufacturers about possible co-operation in future Airbus programmes, including the development of a 600-800-seat super jumbo aircraft.

Mr Jean Pierson, Airbus chief executive, said he would visit Japan at the end of this month for talks with Japanese aerospace officials and the three big aerospace companies, Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Fuji Heavy Industries.

The Japanese initiative coincides with discussions between Airbus partners and Boeing of the US over possible co-operation in development studies for a super jumbo aircraft.

The discussions with Boeing have been led by Deutsche Aerospace, the 37.9 per cent German partner in the European consortium.

The talks with Boeing, the world's largest maker of commercial jets and Airbus's main competitor,

have led to speculation of rising tensions inside the European consortium.

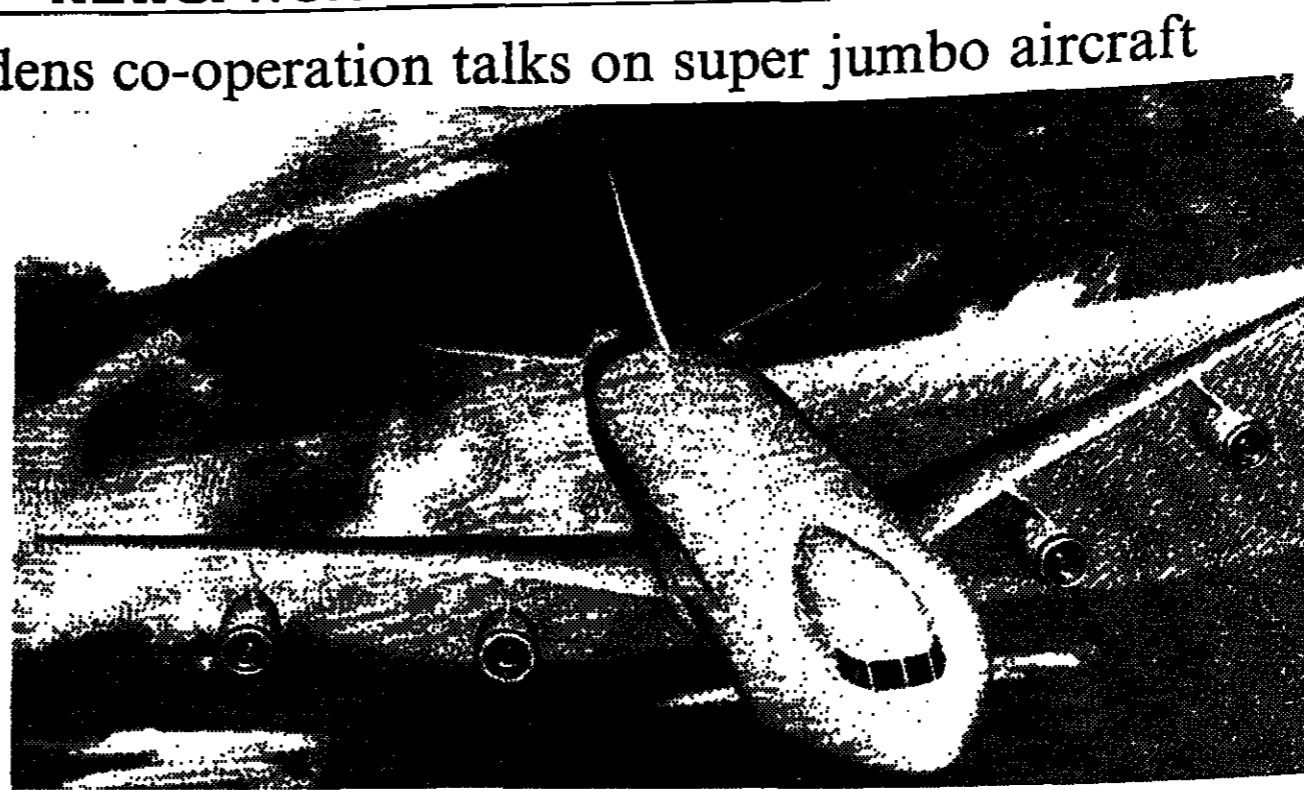
But Mr Pierson said the four Airbus partners - Aerospatiale of France, Deutsche Aerospace, British Aerospace and CASA of Spain - remained united and there was "no question of treason" inside the consortium.

He said Deutsche Aerospace received a mandate last year from the Airbus supervisory board to conduct exploratory talks with Boeing about possible co-operation in developing a super jumbo.

However, he acknowledged that not all Airbus members agreed on the benefits of collaboration with Boeing and there were still serious doubts over Boeing's motives for co-operating with the Europeans.

The question was whether individual members were conducting separate talks with Boeing which could undermine the cohesion of the consortium, several aerospace industry analysts suggested yesterday.

Despite Mr Pierson's confidence about the unity of the



An artist's impression of an Airbus super jumbo which would carry between 600 and 800 passengers

Airbus partners, the consortium has continued to be affected by the conflicting interests and problems of the four partners.

For this reason, Mr Pierson yesterday spoke of an urgent need to transform the Airbus partnership into an independent public limited company so it could operate as a conventional enterprise.

Mr Pierson cast doubt on whether a super jumbo would ever be built, saying the tech-

nological and financial challenges were "huge".

Neither Airbus nor Boeing could undertake such a project on its own. For this reason, Mr Pierson said, Airbus had approached potential Asian and Russian partners. He indicated it was open to discussions with US manufacturers.

"But let's not get excited. I don't know if anything will happen and if there will be a larger new aircraft at all."

But Mr Pierson said his main

concern was not so much the discussions on the development of a super jumbo as the immediate challenge of competing against Boeing on current airline business and ensuring Airbus was efficiently coping with the aerospace industry slowdown.

He said he saw no signs of a recovery in the civil aerospace business this year or in 1994.

Airbus last year had sales of \$7.5bn (£5bn) compared with \$7.7bn in 1991. It expects an

increase to \$8.7bn this year. Although the consortium suffered cancellations from Northwest Airlines, it won 136 new aircraft orders last year, compared with 101 in 1991.

But the slump in the airline industry has forced it to scale down its production rate. Airbus output is expected to total 150 aircraft this year compared with 157 last year and will now grow to only about 170 aircraft in 1995, down from an original target of 230.

France confirms Taiwan jets sale

By William Dawkins in Paris

TENSE trade relations between the US, France and China worsened yesterday when Paris officially confirmed the sale of 60 Mirage jet fighters to Taiwan, which has also bought US-made F-16 fighters.

The French deal, the latest step in the island's efforts to bolster its defences against China's growing military power, has attracted Chinese anger since it first emerged in Taiwanese press reports last November. Until yesterday, the French government refused to acknowledge the sale.

"The French government's approval for the sale of these fighters to Taiwan has caused serious deterioration to relations and gravely damaged their foundations," the Chinese Foreign Ministry said yesterday.

Mr Li Langxing, Chinese trade minister, said Beijing did not rule out steps against the US, which last year authorised the sale of 150 F-16 jet fighters to the island, over which China claims sovereignty.

Until yesterday, China had given no indication that it might widen its retaliation against French business interests to embrace the US. Over the past month, China has ordered France to close its consulate in the southern city of Guangzhou, the economic capital of one of the world's fastest growing regions and banned French companies from a \$1bn subway project there.

The sale of \$2.6bn (£1.7bn) worth of Mirage fighters, plus 1,500 missiles bringing the total contract value to \$3.8bn, is a lifeline for the prime contractor, the Dassault aerospace group. Dassault has not had a military export order for four years.

It brings to an end a long French government wrangle between the defence, industry and trade ministries, keen to further the ailing interests of the French aerospace industry, and a cautious foreign ministry, unwilling to jeopardise relations with such a powerful ally as China.

Malaysian telecoms deal boosts Nokia's Asia plans

By Christopher Brown-Humes in Stockholm

NOKIA, the Finnish electronics group, yesterday said it had won an FM700m (\$87.5m) order for a digital telephone system from Malaysia.

The five-year agreement signed with Telecom Malaysia covers the installation of 800,000 subscriber lines and includes the costs of commissioning and training.

The project strengthens Nokia's position in the expanding Asia-Pacific market and enhances the development of

telecommunications infrastructure in Malaysia. It said the Asia-Pacific market now accounted for around 20 per cent of its telecommunications activities.

Malaysia is giving top priority to the development of telecommunications infrastructure and hopes to provide for universal access to services and to develop a telecommunications industrial base by the year 2000. The Nokia project is part of a plan to install some 4m subscriber lines in the next five years.

The system being installed is

the DX200 digital switching system, which is already in place or on order in more than 20 countries, including the UK and Sweden. The project will be implemented by a special joint venture company, Sapura-Nokia Telecommunications, in which Nokia holds 40 per cent.

Mr Kello Olkkola of Nokia Telecommunications said: "The Telecom Malaysia project is an important step for Nokia in the Asia-Pacific switching market and marks a major expansion of Nokia's Malaysian activities."

ABB in Czech engineering venture

By Ian Rodger in Zurich

ASEA Brown Boveri, the world's largest power engineering group, has taken a controlling 67 per cent interest in a new company created from the power-engineering division of První Brněnská Strojirna (PBS) of Brno in the Czech republic.

Terms were not revealed but Mr Eberhard von Koerber, executive vice-president of

ABB, said it was the largest of the 26 ventures so far established by the group in eastern Europe.

The business being acquired has 4,000 employees and an annual turnover of \$120m (£78.9m), as well as making a \$13.2m net profit last year. It produces boilers and steam turbines, mainly for small industrial power plants with capacity up to 60MW.

Mr Koerber said the level of

engineering at PBS was fairly high and so the new company, ABB-První Brněnská Strojirna BRNO, should quickly become "a major pillar for low-cost manufacturing" within ABB's global network of power engineering plants.

He saw it adding substantially to ABB's existing \$600m worth of annual business in the industrial plant sector, and expected it to grow quickly enough to avoid the need for

redundancies either there or at other ABB plants.

Mr Koerber said the purchase price to ABB, as in its other eastern European acquisitions, would consist of payments in cash and kind, and management and technology transfers.

The remaining 33 per cent of ABB-PBS is being retained by PBS Holding, a recently privatised group in which the Czech state still holds 51 per cent.

Clinton's first big challenge: meet Salinas and save Nafta

The two men must rethink the trade pact, writes Nancy Dunne

ON his maiden foray into international diplomacy, President-elect Bill Clinton is going only one state away - to Austin, Texas, where he will today meet Mexican President Carlos Salinas.

The two young presidents will find they have much in common. Both attended university abroad (Mr Clinton in the UK, Mr Salinas in the US) and became young government reformers with pro-business views. Both are "policy wonks" - fascinated with the technicalities of making government work.

They are both "baby boomers" and know that unless they "bond" swiftly, the future of the North American Free Trade Agreement - involving the US, Mexico and Canada - is at risk.

It was Mr Ross Perot, the independent presidential candidate, who fanned the burning coals of public doubt about Nafta into blazing opposition during the televised campaign debates. The quirky Texas billionaire repeatedly claimed to hear "a sucking sound" to the south, drawing US manufacturing jobs out of the country.

Those who opposed the agreement - carefully cultivated by grassroots environmental, labour and citizen groups - had little difficulty in extracting promises from numerous congressmen to oppose the treaty. It stands in danger of defeat.

Mr Clinton should have already won favour with the Mexican president, by agreeing not to demand a renegotiation of Nafta. Instead he promised

to negotiate "supplemental" agreements to protect the environment and labour standards and guard against import surges.

Among Mr Clinton's Democratic supporters are three factions: business groups, which care only that Nafta offers opportunity for new investment, markets and cheap labour; the opponents, who believe the pact can be improved with tough enforcement measures; and those - many in unions - who will work to kill any deal.

There is also organised opposition in both Canada and

"Nafta: Making it Better", concluded that the pact as it now stands would stimulate foreign investment in Mexico, but at the expense of US industry. It wants Mexico turned into "an export platform" from which North American industry could more easily penetrate foreign markets.

The opposition has grown so strong that Washington lobbyists acknowledge the necessity of negotiating the side agreements and presenting them as a "new" Nafta, different from the one savaged by Mr Perot in the election campaign.

"We have to reposition the

'Nafta is by no stretch of the imagination free trade'

Mexico, and the citizens from the three countries will marry their views in a common paper to be delivered this month.

Although there are some differences in interpretation of the Nafta text, most opponents say the current version would depress wages and employment levels, diminish labour rights and standards, degrade the environment and promote massive migration and human rights violations.

"Nafta is by no stretch of the imagination free trade," says Ms Thea Lee of the labour-supported Economic Policy Institute. "It is an investment agreement and a sophisticated form of managed trade for the multinational corporations."

The Economic Strategy Institute, in a recent report called

issue to take the focus away from the loss of manufacturing jobs and focus on the overall economic and political relationship between two neighbours," says Mr Harry Freeman, a Washington trade lobbyist.

Those willing to accept a "new" Nafta want one which would encourage pollution clean-up in Mexico, raise standards of food safety, and boost the living standards of Mexican workers. Their goal is "the EC model" under which countries were only admitted after democratic reforms took root and the poorer countries were given compensatory payment for social programmes.

Mr Clinton has promised to establish a strong environmental protection commission with

substantial powers and resources to prevent and clean up water pollution and encourage enforcement of air pollution laws.

But he has been vague about the relationship between the side agreements and the original Nafta text. The critics will insist that this linkage be formalised, so failure by any of the three governments to meet their obligations on environment and labour could be punished by higher tariffs.

Mr Clinton will also have to make changes to the proposed dispute settlement mechanism, according to Mr Alex Hittle, a spokesman for Friends of the Earth, who is willing to support "a Nafta with teeth". The president-elect apparently envisions a process under which citizen groups would take their complaints to US officials, who would then pass them to their Mexican or Canadian partners.

Environmentalists want the process opened to public participation. The current text says both sides in a dispute must agree before outsiders are brought into the process.

Mr Clinton will be leamed on hard, and he will have to press Mr Salinas, who in turn has signalled that the price of new negotiations could be a multi-billion-dollar fund to help pay for Mexico to develop infrastructure and clean up its environment. He may also reveal talks about labour mobility.

Nafta opponents say their demands are in the Mexican own interests, and the aim is to create an adequately-paid middle class, a cleaner environment, safer working conditions, and democratic reforms.

REPUBLIC OF LEBANON

Rehabilitation, Extension and Generalization of the Telecommunication Sector

PRE-QUALIFICATION OF CONTRACTORS

In order to implement the Government policy to fulfill Lebanon's needs in various public utility services, including the rehabilitation, extension and generalization of the telecommunication sector.

And aiming to undertake the necessary measures to reach a minimum service density of 35% in telecommunications, which would be in accordance with the standards of the new century.

And as the data accumulated in the Ministry of Post and Telecommunications (MPT), and incorporated in the National Emergency Reconstruction Program (NERP), indicates the necessity to provide a minimum capacity of 1.5 million subscriber lines; the MPT intends to meet these needs as follows:

- 500,000 subscriber lines through rehabilitation and modernization of the existing network.
- 500,000 new subscriber lines through extension of the existing network.
- 500,000 lines through implementation of a new cellular network.

The Government has initiated separate measures to implement the cellular network; consequently the MPT and the Council for Development and Reconstruction (CDR) announce the intention to achieve a million lines service through the rehabilitation and extension of the present network as indicated in the following program:

- a- Construction of about 650,000 local network lines, construction and equipping of new electronic exchanges to a capacity of 500,000 lines, throughout Lebanon.
- b- Replacement of the old electro-mechanical exchanges (16 exchanges) by new and modern electronic equipment to a capacity of 178,000 lines, including the implementation of the integrated services digital network (ISDN).
- c- Construction of network with fibre optic cables and digital micro-wave links of different capacities to secure communications between various exchanges.
- d- Enhancement of international communications between Lebanon and the world through the construction of two modern IDR earth stations.
- e- Provision of power supply equipment for the exchanges, including the batteries, generating units and the protection systems.
- f- Replacement of the old telex exchange equipment with new and modern electronic equipment (4000 lines).
- g- Rehabilitation of the existing electronic exchanges and their auxiliaries (MT25 and E10B), development of their operation programs to be compatible with CCITT No. 7, and introduction of ISDN facilities.
- h- Rehabilitation of the micro-wave telecommunication network and replacement of the obsolete parts.
- i- Rehabilitation of the local network telephone to a capacity of 400,000 lines throughout Lebanon.
- j- Rehabilitation of the power supply stations, including the replacement of batteries, where needed, and rehabilitation of primary power generation units.

All the projects mentioned above will be executed under the supervision of engineers and consultants appointed by MPT and CDR.

International specialized companies will be appointed to support the ministry for better performance in project management, operation and maintenance.

Therefore, the contractors capable of executing such projects of rehabilitation and modernization are invited to apply for pre-qualification.

Reasons for not pre-qualifying any firm or consortium need not be given, and no costs incurred in the pre-qualification will be reimbursed. Invitations for bidding will only be sent to firms or consortia which are pre-qualified.

The MPT and CDR invite contracting firms and consortia interested in bidding to obtain pre-qualification documents starting January 11, 1993 from the:

Council for Development and Reconstruction (CDR)
Tallet El-Seray
Beirut - Lebanon

Pre-qualification bids with all supporting material shall be submitted at CDR offices no later than February 26, 1993 at noon

Brazilian taxation reform for debate

By Bill Hinchberger
in São Paulo

BRAZILIAN congressmen are to cut short their summer recess and return next Monday to a special session of Congress which has tax reform as its central issue.

The session will be an early test for President Collor's strategy. He hopes to succeed during his two-year term by building consensus among legislators and opinion leaders, in contrast to the obdurate approach of his predecessor, Mr Fernando Collor de Mello, who resigned last week.

The government is seeking additional tax revenues to reduce the budget deficit and to provide funds for social and infrastructure spending. It hopes that further changes in the tax code, together with already-approved adjustments in business income taxes, will bring it \$12bn (\$7.8bn) more in revenues this year.

The main proposal under consideration includes a levy on financial transactions, called a cheque tax, of 0.25 per cent. It would also simplify the dozens of individual levies in the Brazilian tax code. The administration is also considering a tax on company assets.

A constitutional amendment, requiring two-thirds approval of both chambers, will be necessary if any new levies are to be implemented this year. The constitution stipulates that new taxes can only take effect in the "fiscal period" subsequent to the one in which they are passed.

One attorney speculated that the administration might try to skirt the need to change the constitution by defining each month as a "fiscal period" and applying the tax in February if passed this month. If so, he predicted a flurry of company lawsuits.

A bill approved by Congress in December lowered corporate tax rates from 30 to 25 per cent. However, many companies, especially those showing losses, will pay more because financial and operational income will be taxed separately. With Brazil's high interest rates, even money-losing companies have significant income from financial investments.

The government hopes to obtain \$5.2bn of the \$12bn it says it needs through this mechanism. The National Confederation of Industry is threatening to go to court.

Some observers believe higher taxes could reinforce a vicious circle of higher levies and growing evasion in Brazil. Brazilian tax rates are already high.

The local subsidiary of Arthur Andersen, the US consulting firm, estimates that in 1992, federal and local taxes combined produced a tax rate of nearly 47 per cent on business. Other tax experts have estimated evasion rates of about 50 per cent.

Some opponents of the reform argue that the government should merely do a better job of collecting taxes already on the books. Recent published estimates suggest that out of an economically active population of 61m, only 7m pay personal income tax, while 55,000 companies pay 80 per cent of corporate tax revenues due from 2m companies.

Defence cuts will be hard, Aspin warns



Les Aspin: reiterated goal of cutting \$60bn more than in Bush administration's defence budget

By George Graham
in Washington

PRESIDENT-ELECT Bill Clinton's choice to be the next secretary of defence warned yesterday that the new administration might find it difficult to cut defence spending by even as much as projected by departing President George Bush, let alone achieve the bigger savings Mr Clinton called for in his election campaign.

Mr Les Aspin, who until his nomination was chairman of the House of Representatives armed services committee, reiterated the Clinton team's goal of cutting an additional \$60bn over the next five years from the Bush defence budget, which itself includes substantial reductions from earlier budgets.

But Mr Aspin and Senator Sam Nunn, chairman of the Senate armed services committee, warned that the budget baseline figures used by the Bush administration, which show \$280.5bn of defence and national security spending in fiscal 1994, might be unreliable.

Mr Nunn questioned the Pentagon comptroller's estimate of \$71bn of savings over five years from the Defence Management Review, which includes initiatives such as the consolidation of depot maintenance and the centralisation of control over the defence information infrastructure.

He estimated the likely savings from the review at \$20bn at best.

Mr Nunn said it would be impossible to pay for a 450-skip

navy, as planned by the Bush administration, with the money currently allocated.

Mr Aspin also warned of a "procurement bow wave", with equipment programmes added to the budget without adequate funding attributed to them four or five years out.

The attack on the Bush defence budget projections echoed more general criticism voiced earlier this week by Mr Clinton of his predecessor's overall budget legacy.

Mr Bush's pro forma budget for 1994 shows a record deficit of \$327.4bn this year, dipping slightly before climbing again to \$319.8bn in 1998.

Mr Clinton accused the outgoing administration of camouflaging the gravity of the outlook for the deficit, which he said would, if left unchecked,

"soar above \$400bn near the end of the decade".

Mr Aspin acknowledged that it would not be easy to achieve further defence savings, but said it would be possible to reshape US military forces at a lower level than envisioned in Mr Bush's "Base Force" while at the same time maintaining their effectiveness.

"The Bush administration had presented a force and a budget that took cognisance of one revolutionary development in our international security picture - the collapse of the Warsaw Pact - but not another - the dissolution of the Soviet Union itself. It was a one-revolution budget in a two-revolution world," Mr Aspin said in answers prepared for his Senate confirmation hearings.

Reich sees need for better jobs

By Michael Prowse
in Washington

THE US must do more to improve the career prospects of the three-quarters of Americans who do not graduate from college, Mr Robert Reich, labour secretary-designate, said in Senate confirmation hearings yesterday.

Mr Reich said the task was not just to create more jobs but to create higher-quality jobs. "Having a job is not enough any longer," he warned, because many poorly educated Americans were experiencing declines in real wages.

He said he expected the Department of Labour to play a more prominent economic role in the Clinton administration than had been the case in the past. Global economic integration, he said, meant that the "American workforce is coming to be the American economy".

Mr Reich, a professor at the Kennedy School of Govern-

ment, provided much of the intellectual input for President-elect Bill Clinton's economic plan, Putting People First. Having known Mr Clinton well since both were Rhodes scholars at Oxford in the late 1960s, he is expected to enjoy much greater access to the president than previous labour secretaries.

Mr Reich said his first goal was to provide a path to good jobs for the 75 per cent of young people who do not complete four years of college. This involved easing the "school to work" transition for less academic students and putting greater emphasis on certification and standards so "employers know what they are getting".

He also signalled that he would seek to integrate the 125 separate federally-funded job training and employment programmes.

Other goals would include helping displaced workers find new jobs and fostering busi-

ness organisations that provided career ladders for less well educated employees.

He also intended to promote "family friendly" employment. US employers needed to pay more attention to issues such as parental leave, child care, elder care and pension provision. Companies had to understand that their workforce was "their most precious asset".

Mr Reich said the US also needed to review unemployment insurance provisions which had been designed to cater for short business cycle fluctuations. The problem today was that much unemployment tended to be long-term and structural.

His remarks were warmly received by members of the Democratic-dominated Senate labour and human services committee.



Robert Reich: bigger role for Labour Department

Doubt thrown on US military spending

By George Graham

THE US Defence Department may need to cut an extra \$150bn over the next five years to bring its spending plans into line with the money that may be available, according to a report issued last night by the General Accounting Office, the auditing arm of Congress.

In a report prepared as part of a series presented to the incoming Clinton administration, the GAO warns of "a significant mismatch between the \$1.4 trillion fiscal year 1993-97 defence spending plan and budget realities".

The GAO singles out \$35bn of potential growth in the cost of already planned weapons systems, \$12bn in congressional actions preventing the Pen-

tagon from terminating some programmes it wants to kill, \$5.4bn in funding to help conversion from defence to commercial activities, and \$60bn in additional cuts proposed by President-elect Bill Clinton.

"In addition, the spending plan assumes \$33bn in management savings, the majority of which may not be achieved, and \$5bn in base closure savings that will not be realised," the report says.

In a separate report, the GAO outlines severe problems in the defence acquisition system, complaining that the Pentagon starts more programmes than it finishes because of a tendency to over-estimate the amount of future funding for planned weapons systems and underestimate the likely costs of these systems.

Menem spends to cut poverty

By John Barham
in Buenos Aires

ARGENTINA'S President Carlos Menem, bolstered by figures showing inflation dropped last year to its lowest level in 20 years, yesterday unveiled a \$1.5bn (\$986.8m) social spending package aimed at improving the lot of the poor, the old and very young.

The package coincides with a popularity offensive by Mr Menem to amend the constitution so he can stand for re-election when his term ends in 1995. His government is now aiming at a sweeping victory in September's mid-term congressional elections to secure two-thirds of the seats in the Chamber of Deputies, the lower house. The amendment requires a two-thirds majority of Congress.

Mr Menem, who is more than halfway through his six-year presidential term, has sound opinion poll ratings, although his popularity has been declining over recent months. Pollsters say low inflation remains the key to any politician's popularity, but public opinion is focusing on poverty, falling real incomes and worsening social services.

The government has already raised this year's spending estimate by 17.4 per cent to \$39.65bn, a figure that economy minister Mr Domingo Cavallo has said cannot be further increased. Officials insist that funds for Mr Menem's social package have already been allocated in this year's budget.

Government figures published this week showed retail prices rose by only 0.3 per cent in December, bringing the inflation rate for 1992 down to 17.5 per cent from 84 per cent for 1991.

Wholesale prices rose even more slowly. Last year's wholesale price index rose 3.1 per cent, and wholesale prices actually fell 0.7 per cent in December.

This modest rise in wholesale prices is allowing Mr Cavallo to argue that companies' export competitiveness is not at risk, and that there is therefore no need for a devaluation of the peso, fixed against the dollar since April 1991.

Mr Cavallo says retail price inflation figures are distorted by the rising cost of services, which are less exposed to competition: "It would be stupid of us to devalue because of the cost of haircuts in Buenos Aires."

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NEWS: UK

Legal appeal could delay payments to BCCI creditors

By Richard Donkin

PAYMENTS to creditors of the Bank of Credit and Commerce International (BCCI) may be delayed by up to a year because of an appeal filed by some creditors in Luxembourg against a court approved compensation plan.

It also emerged yesterday that creditors are not receiving interest of \$1m a week that would have been earned since the beginning of December had the agreement between Touche Ross, liquidators of BCCI, and the Abu Dhabi majority

shareholders adhered to the original timetable drawn up in negotiations. Originally Touche Ross thought it would be possible to have the agreement secured in time for Abu Dhabi to place \$800m, covering the first two instalments of its \$1.7bn contribution, on deposit with the pooling fund and earning interest for the benefit of creditors from December 1.

The initial timetable had to be scrapped because of delays resulting from a court appeal in the UK, and insistence by the Luxembourg district court that the liquidators take soundings from creditors on the

agreement. Touche Ross believed it had surmised that hurdle when 94 per cent of creditors who responded to a circular agreed to accept the package.

A hard core of creditors is continuing to resist the package, however, leading to the current appeal which was lodged with the Luxembourg court on December 24.

The appeal has been filed on behalf of three creditors, Mr Adil Elias, Mr Assilios Artiki and Mr Hal Skolnik.

Mr Elias, a US-based engineering consultant, is a member of both the

UK and Luxembourg BCCI creditors' committees and heads the BCCI depositors protection association, which includes a number of BCCI's larger depositors.

Mr Skolnik, a company director, has a permanent proxy on the UK committee to represent Shearson, a UK creditor. Mr Artiki is a Greek insurance broker.

Mr Georges Ravarani, a Luxembourg lawyer and one of the liquidators of BCCI Holdings, the holding company for BCCI SA, said a decision on the court appeal could be lengthy because all procedures and

statements had to be in written form.

"The delay could be as little as six months but I think that is unrealistic. I think a year is more reasonable," he said.

Touche Ross now fears court delays could cause further problems for the liquidation, although Abu Dhabi has made it clear it remains committed to the agreement and maintains that new timetabling for payments should not cause serious problems for the majority shareholders.

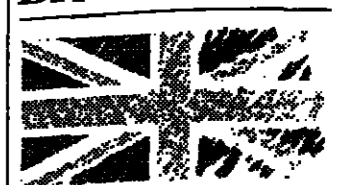
The liquidator believes, however,

it may have to revise its earlier estimates of how much creditors might expect to receive. The projection is somewhere between 30p to 40p in the pound.

Mr Brian Smouha, the chief liquidator of BCCI, said yesterday: "It is unfortunate that this is being held up and it does not look as if it is in the interests of creditors. I want to concentrate on getting the assets in and the money out to the creditors."

If the appeal is upheld, and the agreement collapses, the liquidators would have to pursue claims through the courts.

Britain in brief



Government to consider police reform

Proposals for radical reform of the police, amounting to the virtual nationalisation of police authorities in England and Wales, are to be considered by a committee chaired by Mr John Major, the prime minister.

The proposals, produced by Mr Kenneth Clarke, home secretary, have aroused strong disension within the government, and are vigorously opposed by local authorities and most chief constables.

Mr Clarke's scheme would effectively abolish the current arrangements for police management, which balance local and national control. The number of police authorities in England and Wales would be reduced from the current 43 in England and Wales, possibly to as few as 25.

New landmark in tendering

Oxfordshire has become the first English county council to contract-out its executive services operation, in what will be seen as a new landmark in the government's competitive tendering policy.

CSL Group, which claims to be the largest provider of management services to the public sector, won the £6m contract against three competitors. The contract requires it to take on the 50 existing staff, on comparable conditions, and was agreed by the almost all the employees concerned. Other counties are set to follow Oxfordshire's lead.

Recession hits AT&T Istel

Salaries at AT&T Istel, one of the largest UK-based computing-services companies, have been frozen for this year and some 375 jobs are likely to go over the next six months.

The measures indicate the severity with which companies such as Istel, which depend heavily on large-scale project work from big corporate clients, continue to be affected by the recession. Mr Peter Teague, chief executive, said the company which employs 2,200 people in the UK and a further 1,800 in continental Europe, was being forced to rein back ambitious growth plans.

House prices remain weak

UK house prices continued to be weak last month, according to Halifax, Britain's largest building society. Its house price index showed a fall of 0.6 per cent in December, reversing a brief hope of recovery in November when the index recorded a tiny rise of 0.1 per cent. Halifax said it expected prices to stabilise this spring with its estate agents reporting a significant increase in buyers viewing houses.

First pay deal of 1993 set

In the first deal of the 1993 pay round, a 2.75 per cent pay rise has been agreed for most of the 20,000 workers in the knitwear industry.

The government will be relieved that the first deal in a busy month for collective bargaining is below the current inflation rate of 3 per cent and heading down towards its own limit for the public sector of 1.5 per cent. The knitwear industry, however, is in a weak state and several other deals, agreed before January but now coming into effect, have been more generous.

Correction

A chart yesterday of sterling movement against the dollar mistakenly showed the dollar's movement against the D-Mark.

MacGregor seeks deal on US-UK air links

By David Owen

MR JOHN MacGregor, Britain's transport secretary, yesterday signalled a new phase in attempts to resolve the US-UK government dispute over air links, saying he would work towards a more liberal aviation agreement with the incoming Clinton administration.

Speaking in Brussels, Mr MacGregor renewed calls for UK airlines to be allowed greater access to the US domestic market.

He acknowledged this would present the US with "difficult decisions about changing their 50-year-old restrictions on foreign ownership and control of US carriers".

"I had hoped that we and the US government would have been able to agree to a step-by-step programme to open skies, with the next major change achieved just as quickly as the US Congress were prepared to change their laws on foreign control," Mr MacGregor said.

His remarks came some two weeks after the collapse of a proposed \$750m deal in which British Airways would have acquired a 44 per cent stake in USAir, the ailing American carrier.

Mr MacGregor expressed his regret at the failure of the deal, which BA blamed on "excessive demands" by the US government.

"The proposed alliance between BA and USAir was a bold and imaginative one, which could have greatly assisted progress towards removing restrictions in the present air services agreement between our two countries," Mr MacGregor said.

The US government had insisted that the UK open up London's Heathrow airport to more US airlines in return for approval of BA's investment in the sixth-largest US carrier.

Britain has offered a three-phase process of air-service liberalisation which would have led to "open skies" only after the US eased its rigid foreign ownership rules on US carriers.

Alan Friedman examines the debate, prompted by the Exxon Valdez spill, over anti-pollution measures Braer disaster concentrates US minds on safety

THE BRAER disaster - which could ultimately prove to be more than twice the size of the Exxon Valdez spill that occurred in Alaskan coastal waters in 1989 - has triggered fresh discussion in the US about the kinds of counter-measures that are most effective in containing such accidents.

The debate, once again pitting environmentalists against shippers and the oil industry, is focused on the tough new regulations on tanker safety that are being implemented as part of the Oil Pollution Act (OPA) of 1990, a law that some in the US say could serve as a model for UK or even European legislative action.

The Valdez disaster resulted in the spilling of 11m gallons of oil, which compares with a total of some 26m gallons aboard the Braer.

Exxon, while harshly criticised in the US over its attitude to the tragedy, was eventually to commit more than \$1bn over 10 years to settle federal and state legal actions. Mr Daniel J. Weiss, an environmental expert at the Sierra Club in Washington, claims this amount is still a pittance compared to the estimated \$15bn of damage caused by the Valdez spill.

But the heart of the US debate concerns the two most stringent provisions of the US

oil pollution legislation - the requirement that all ships navigating in US waters and built after 1990 be double-hulled and the fact that the liability of shipowners under federal law is unlimited in cases of gross negligence and may also be unlimited at the state level in a variety of circumstances.

In its lobbying effort to weaken the double-hull requirement, the American Petroleum Institute (API) claimed the cost of retrofitting double bottoms could be \$4.8bn for the 153 US tankers.

Few in the US oil industry have liked the double-hull requirement. Mr Steve Hilliard, a spokesman for Chevron Shipping, reckons "double hulls are not the panacea for oil spill prevention" because they cannot prevent the leakage of oil from a damaged tanker in all cases.

Mr Charles Di Bona, president of the API, the oil industry's main Washington lobbying association, notes that the double-hull requirement "is the law and we will comply with it." But he too insists it is not at all clear that double hulling is the best technology - "in the Shetland case, double-hulling might have even hurt things. The space between the hulls could have taken in water and sunk the tanker."

Mr Di Bona says there are alternative technologies such



Calls for tighter shipping regulations after the Exxon Valdez (above) ran aground have been repeated following the latest accident

as a Swedish system for sealing the oil tanks themselves which may prove equally effective.

Environmental critics such as Mr Weiss of the Sierra Club counter that the lesson of the Valdez disaster for the UK is that "the oil industry has no credibility when it comes to concern about oil spills."

He argues that in the wake of the Valdez affair, the oil industry and the Bush Administration weakened the OPA dramatically by extending the period of time before double-hulling is required for all tankers to the year 2015 and by exempting barges. "The reality," says Mr Weiss, "is that the cost of double-hulling is far cheaper than the cost of oil spills."

As far as liability is con-

cerned, Mr Weiss claims that unlimited liability "is the only way we can ensure the companies have a stake in making sure they don't have accidents and behave more responsibly."

But Mr Di Bona complains that on liability and other issues the OPA contains a set of conditions that in some cases are simply too harsh.

In the wake of the Braer disaster, the API issued a statement which said that while the Shetlands spill was regrettable it should not overshadow the genuine progress being made both in preventing and responding to oil spills in American waters.

Chief among the developments in the US was the oil industry's agreement in 1990 to form the Marine Spill Response Corporation (MSRC), a non-profit company that will be the

largest in the world when it is operational next summer.

The MSRC - funded by 47 leading US oil companies, shipowners, utilities and pipeline operators - has a \$400m budget for capital equipment and a \$500m budget for operating expenses in its first five years. It has 400 full-time employees located at its Washington headquarters and at regional locations in New York, Miami, Lake Charles, Louisiana, Los Angeles and Seattle.

The MSRC has 16 large offshore response vessels and recovery capacity of 10,000 barrels a day.

The US debate also concerns whether detergent dispersants or mechanical removal devices, such as skimmers, are more effective. Mr John Costello, a retired Coast Guard Vice-Admiral who is president of the

MSRC, says he understands that chemical dispersants are used far more than skimmers in the UK and believes more flexibility in UK response techniques would be useful. He says, however, that the problem in the US is that some states which oppose detergents - on environmental grounds - need to reconsider.

There is a broad consensus in the US that since the Valdez disaster there has been a steady improvement in developing oil-spill response measures, be they the formation of the MSRC, the institution of broader sea lanes or improved training for tanker crew members. In 1991, for example, there were only 1,000 barrels spilled in US waters, the lowest level in 14 years.

Observer, Page 13

New scheme for long-term unemployed

By Lisa Wood, Labour Staff

A NEW temporary work scheme for up to 250,000 of Britain's long-term unemployed is being studied by the government.

The initiative would offer existing benefits plus an additional allowance for participants. The scheme could be made compulsory for those who have been unemployed for a period not yet specified, prob-

ably 18 months or two years.

Options are being studied by the prime minister's Number 10 policy unit with the assistance of Mrs Gillian Shephard, employment secretary.

Long-term unemployment, defined as one year or more, now stands just under 1m, a 4½-year high.

Mr John Major, the prime minister, who is discussing domestic policy this weekend with advisers at Chequers, has said fear of unemployment was

a brake on recovery.

Mr Major's personal involvement is seen as critical to the success of a new scheme which would require private sector employers to be persuaded to offer large numbers of temporary work places. He would need to take a personal lead in urging organisations such as the Confederation of British Industry, the major employers' organisation, to become involved.

Any new scheme, which

could be announced in the March budget, could eventually involve about 250,000 people a year, a number greatly in excess of the 30,000-place Employment Action, a two-year-old voluntary temporary work programme which has failed to attract a full complement of unemployed. That is why compulsion is one of the options now being studied. It is unlikely that a new programme would begin before the end of the year.

Burton Group cuts 2,000 jobs in big restructuring

By Neil Buckley

BURTON, the retail group, is cutting 2,000 full-time jobs, but creating up to 3,000 part-time ones, in the latest evidence of a trend towards part-time employment in retailing.

Some 933 head office jobs will be lost - roughly one in four - together with about 1,000 jobs in the group's shops, which include Debenhams, Burtons, Top Shop, Principles and Dorothy Perkins.

Mr John Hoerner, who took over as chief executive last February, said yesterday the wide-ranging changes in organisation and management would cost between £10m and £15m, but would save a similar amount on staff and management costs this year.

He said the move towards greater part-time working would enable savings to be made as staff could be targeted to work at the busiest periods. He hoped that many full-time staff would remain as part-time

workers - "there is no question about the fact that as social trends change, and more and more people work and so want to shop outside traditional shopping hours, there will be more part-time workers required," he said.

Burton employs about 39,000 staff, about 17,900 of them part-time. In the retailing sector as a whole, more than a third of workers are part-time, with the proportion expected to increase to half.

Udawa, the shopworkers' union, said it was alarmed at the prospect of such heavy job losses at a time of high unemployment.

Burton, one of the most successful retailers of the 1980s, slipped into an annual loss of £13.4m in 1990, before recovering to a profit of £9.4m last year.

Future of employment, Page 13
Lex, Page 14
Details, Page 19

Fewer Names expected at Lloyd's after £2bn losses

By Richard Lapper

THE number of Names at Lloyd's, the international insurance market, is set to fall to around 20,000 - the lowest level since 1982 - following losses of £2.06bn in the 1989 underwriting year which were announced last year.

Although 75 new Names - individuals whose assets support the market - are to join in 1993, the number of Names who have either resigned or been unable to meet solvency requirements could be as high as 2,000, according to Mr Bob

Hewes, director of regulatory services at Lloyd's. A further 250 Names have died during the last twelve months.

Names had until the end of last year to tell agents whether they intended to remain at Lloyd's for the 1993 year but it will take several weeks for the Lloyd's Corporation, which provides back-up services to the market, to process the information. Mr Hewes will be one of 16 members of the insurance market's new regulatory council, which is to be chaired by Mr Brian Garraway, former deputy chairman of BAT.

Motor industry issues warning as sales rise

By John Griffiths

A 37 PER cent leap in new car sales last month does not signal that the motor industry has begun romping away from recession, industry leaders warned last night.

A significant factor in December's sharp rise was unusually large sales by some companies to their employees which had a disproportionate effect, in percentage terms, on the second smallest sales month of the year.

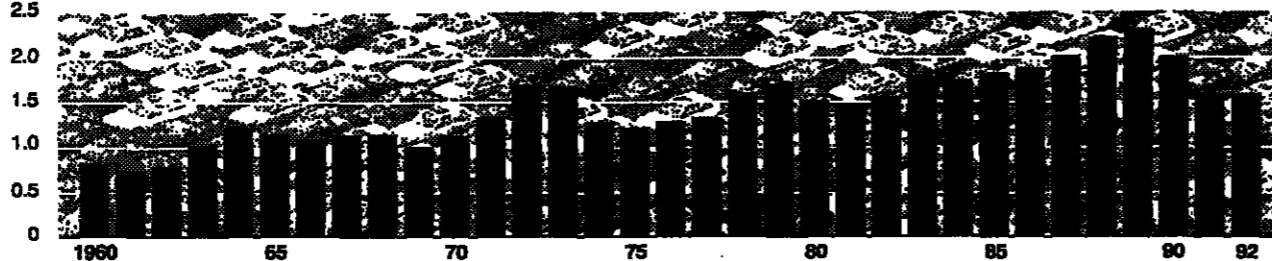
The 79,903 cars registered in December brought the total for 1992 to 1,393,601 - only 0.08 per cent above the severely depressed level of 1991, according to Society of Motor Manufacturers and Traders statistics issued yesterday.

Last month's statistics meant that new car sales rose in each month of the final quarter of last year, indicating that a modest but sustainable recovery is under way after the market's earlier collapse from a record 2.3m units in 1989.

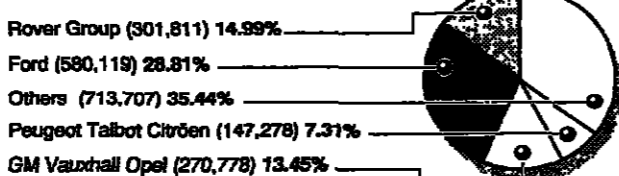
Reflecting the stance of most UK motor chiefs, Mr Ian McAlistier, chairman of Ford of Britain, said last night that "it would be unwise to read too

New car sales in the UK

(in units)



Market shares 1987



much into the dramatic rise in December sales, where special factors were involved."

He spoke as Ford came to terms with the fact that in December Ford lost the UK market leadership - Rover Group - for the first time since 1984. Rover's December sales leaped by two-thirds com-

pared with last year to give it a market share for the month of 25.48 per cent, compared with 16.65 per cent for Ford and 13.8 per cent for Vauxhall. But Rover itself acknowledged that some 4,000 cars had been sold at discounts of up to 25 per cent to employees, and for the year as a whole it trailed well

behind Ford - still in first place with 22.17 per cent - and Vauxhall, with a share for the year of 16.7 per cent.

Sales "winners" last year included Land Rover, with a record 19,999 vehicles sold, and Peugeot Talbot and its sister company Citroen, which achieved record market shares.

Nissan, Toyota, Renault, Audi, BMW and Mercedes also posted significant gains.

Those with a falling market share included Volkswagen, Fiat, Volvo and Honda.

In the luxury car market, Porsche and Rolls-Royce were badly hit, although Jaguar's were only slightly down.

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MANAGEMENT

Statistics produced by one of the motor industry's best known gurus, Daniel Jones, appeared to shake rigid some of the UK motor component industry's senior executives assembled in London in November.

A benchmarking study* comparing Japanese and UK suppliers provided a chilling insight into just how far most of the UK industry has to go to match the "world class" productivity and quality standards set by the best Japanese companies.

Average productivity levels inside the benchmarked UK companies were found to be less than half those of their Japanese counterparts. And quality standards - measured by rejection rates - were 100 times inferior.

Jones, professor of motor industry management at Cardiff Business School, warns that because the UK component makers studied were likely to be typical of UK manufacturers, "a gap here almost certainly means that much of UK manufacturing falls short of world-class performance by a similar two-to-one margin."

But continental European component makers would be ill-advised to sneer. "Our experience tells us that a similar set of mainland European firms would probably do no better," says Jones, co-author of *The World, the Massachussetts Institute of Technology study into efficiency levels in the world motor industry.*

It was this study that first coined the term "lean production" to distinguish production systems (pioneered mainly by Toyota) which use radically fewer resources - in people, materials, time and space - than traditional "mass production" techniques.

The Lean Enterprise Benchmarking Project was undertaken by Cardiff Business School, Cambridge University and the Andersen Consulting group.

The project made a head-to-head comparison of UK component makers with their Japanese counterparts, using a wide range of measures to evaluate performance and profile management practices.

These included examinations of factory layout, work organisation, human resources management, organisational structures and control systems, as well as the nature of relationships with suppliers, distributors and customers.

Jones describes the benchmarking process as the most powerful tool available for assessing industrial competitiveness and instigating change.

"After benchmarking one can no longer hide behind excuses or put the clock back. One has to face the facts, however unpleasant, and do something about them," he says.

The project followed a report last

UK car components makers are way behind the best Japanese competition on productivity and quality, according to new research. John Griffiths reports

British fail to make the grade

Benchmarking

	World class	Other
Productivity index (units per hour)*	95.0	53.7
Quality (defects)	0.025%	2.5%
Space utilisation index*	89.4	64.4
Throughput time index*	59.1	32.4
Operations automated	46%	32%
Rework and rectification	1.5%	4.1%
Stock turnover ratio (per year)	93.6	32.4
Employees in problem solving	80%	54%
Schedule variability	5.5%	11.9%

Source: Lean Production Benchmarking Project

*100=best

year from the National Economic Development Council into Nissan's UK manufacturing experience which concluded that the British components industry was only on a par with the Japanese industry of the mid- to late-1970s when measured by rejection rates.

The Nedo report also concluded that continental European suppliers were little better than British ones.

The latest study monitored 18 companies - nine in Japan and nine in the UK. They produce a wide variety of components, including wiring harnesses, brakes, seats and exhausts.

One-third showed outstanding performance in both quality and productivity. All were Japanese. However, even the Japanese companies were far from uniformly capable. Some lagged well behind the leading "world-class" group.

But the five worst performers were British. UK plants had an average of 2.5 defects per 100 components, compared with 2.5 per 10,000 for the best Japanese plants.

The UK plants were also found typically to need twice as many

employees to produce the same number of parts.

None of the "world class" plants was found to use hourly pay based on job classifications and their employment practices were "notice-

World-class plants involved employees more intensely in problem-solving. Team leaders were pivotal, developing team members and taking responsibility for quality and management issues

ably more progressive than those of the non-world class plants."

Not least, they were performing at their high level while also making a more complex and rapidly changing mix of products than their rivals - albeit with a slightly

higher level of automation.

Change is under way as UK-based suppliers absorb the methods and culture of lean production from Japanese "transplants". But even though team working, quality circles and other manifestations of Japanese "best practice" were apparent in most of the UK companies, the benefits showed up in the form of either much improved quality or productivity - but not both together.

The world-class plants also involved more of their employees more intensely in problem-solving. In such plants team leaders were pivotal, developing the skills of team members as well as taking responsibility for quality and management issues.

Also missing from many indigenous UK companies - but to which Honda, Toyota and Nissan in their UK plants are committed - are identical conditions of employment and performance appraisal for all employees, including management.

Jones says another key ingredient for attaining "world class" status is the organisation of the production

process. "It starts with integrating every production step into an uninterrupted flow - so parts travel the minimum distance and hardly wait for the next operation."

In turn, "the discipline governing the flow comes from short set-up times and small lots produced just-in-time, thus eliminating waste and work-in-progress. Full utilisation of the whole integrated production system comes from eliminating random interruptions and variability, whether from a defective part, a machine breakdown, supplier hiccup or even chaotic build schedule."

The best benchmarked companies were also shown to have achieved faster throughput, much higher first-time quality, reduced rework, minimal stocks and they worked to stable schedules.

But the full benefit of such processes, Jones argues, will not be achieved without a complete supply chain organised along similar "lean" principles.

The benchmarkers found that the world-class chain was tightly integrated between vehicle assembler and even the most preliminary stages of the parts supply chain - an integration marked by minimal stock, frequent deliveries of small volumes of parts, lack of disruption and stable supply volumes. The discipline of the system came from the compressed order-to-delivery lead times and building to customer orders rather than stock.

The benchmarking team concluded that such a chain can work only if a "partnership" relationship existed all along the chain - already a recognised feature of ties between Japan's UK transplants and their "first-tier" UK suppliers of key components, but a novelty for big suppliers in their own relationships with smaller parts makers.

Implicit in this "shared destiny" is a clear mutual understanding of the need for a fair reward for each party as well as shared learning.

Despite the gulf, Jones insists that the UK industry nevertheless has a "unique window of opportunity" to lead the development of "lean" companies and supply chains in Europe - thanks to transplants and the UK's own dismal past industrial performance making it willing to learn from Japan.

It is the reason, he suggests, why German, French and Italian component groups like Robert Bosch, Valeo and Magneti Marelli are investing in the UK. "They not only want a slice of the new business created by the Japanese but also want to share in the learning so that they can transfer the lessons learned here to their home plants."

The Lean Enterprise Benchmarking Project. Available Jan 15 from Andersen Consulting, 2 Arundel Street, London WC2R 3LT. First copy free

Engineers learn the value of training

By Andrew Baxter

As the UK engineering industry looks ahead to the end of the recession, the effect of the downturn on companies' investment in the long-term requirements for competitiveness will become increasingly significant.

Apart from product development, perhaps the most important internal investment a company can make is in training. But have British engineering companies maintained their skill levels as markets have fallen or collapsed and workforces are reduced?

The answer is a qualified yes, according to an informal survey of the six engineering companies taking part in the FT's occasional series tracking the industry out of recession. Spending on training has not been cut significantly, although it may have been redirected, and in one or two cases it has even been increased.

The smallest of the six, Posiva, is German-owned and has an embedded commitment to vocational training and engineering literacy. This starts with managing director Reg Bricknell and continues throughout the Scunthorpe-based gears and drives company.

But the other five, all public or private UK-owned companies, have also resisted the temptation to slash training budgets despite sometimes heavy cuts in their workforces. Recession or no recession, says Peter Burton at Blaxworth Engineering, the Walsall vehicle parts producer, "the main skill we have been working on is getting the entire workforce to be aware of the need for absolute quality."

There has, inevitably, been less need for engineering training because recruitment is on hold and manufacturing staff have been made redundant. "It did not make sense to bring apprentices in when we were making skilled men redundant," says Colin Gaskell, managing director of 600 Group.

But that has shifted the emphasis

on to commercial training, says John Bell, chief executive of Senior Engineering. "We are acutely aware that the way we respond and handle customers, and the way in which we address short-term demand, is crucial to the way the business develops."

The survey underlines a number of issues about training that may strike a chord with other engineering companies. First, a relatively modest investment can achieve a great deal if it is accompanied by plenty of effort and commitment.

Senior has done its commercial training almost "on the cheap," says Bell, by avoiding mainline consultants and using smaller firms.

Second, it suggests that companies are thinking hard before swallowing the latest buzzwords from consultants.

At JCB, the main training initiative has been a customer quality programme introduced in 1990. Gilbert Johnston, deputy chairman, says: "We felt that total quality management wasn't for us - it's too glib a method of management. We wanted our own banner which people can identify with."

The type of, and need for, training may vary among the six but they all believe they are either making or exceeding the commitment to training and skills retention among domestic or overseas competitors. "I don't think we'll be facing a skills shortage when the recession ends," says Gaskell.

The question, though, is whether the companies can continue this commitment during 1993. Peter Barker, chairman of Hull-based Fenner and also chairman of the Yorkshire and Humberside CBI, says three-quarters of its 40 members have either maintained or increased spending on training during the recession. But, he says, unless the recession eases attitudes towards training investment might change for the worse.



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مكتبة الشامل

Markets for the brave

Where in the world should investors buy property? Even if there is an improvement this year on the past 12 months, the search for new opportunities is strictly for the brave.

There is no guarantee that the first into the property recession will be the first out. The severity of the property downturns in the US and UK - which entered the downturn well before Japan and continental Europe - is so bad that recovery is likely to be slow and halting.

Less mature markets also promise a rocky ride. The emerging markets of central and eastern Europe are riven by political and legislative difficulties and even the fast-growing markets of south-east Asia are suffering from over-supply.

While the weaknesses of the large industrialised economies are the main factors contributing to this malaise, there are other reasons why most markets are suffering together.

The increasingly global flow of funds in the 1980s allowed banks and investors to export property booms from one market to another. At the same time, the rapid expansion of the financial services industry set off periods of heavy construction in New York, Tokyo and London.

The result is that the world's biggest cities are full of empty offices. More than a fifth of all office blocks in the City of London, Sydney, Melbourne and Perth and the US are empty. Paris is heading towards a vacancy rate of 10 per cent. In Germany, and even Japan, which have had the lowest vacancy rates in the world, rates are creeping up significantly.

Rising interest rates towards the end of 1989 dried up liquidity and burst the bubble, leaving an oversupply of buildings, rapidly falling prices, a shortage of capital and credit and a near-collapse in the banking industry, which had lent heavily to the sector.

The severity of these problems defies easy solutions. Falling interest rates in Japan and the US have not stopped the rot. Much of Europe does not even have the panacea of cheap money; tight monetary policy in Germany, the result

Vanessa Houlder on global opportunities for investors

of the huge cost of reconstructing east Germany, has kept interest rates high across most of the European Community. Indeed, with continental markets in decline after the good times of the past decade, Europe has now fallen out of favour with prospective investors.

Between 1985 and 1990, rents in good quality property in leading European cities rose by an average of 14.4 per cent annually and capital values by 17.8 per cent a year, according to Jones Lang Wootton, chartered surveyor. The growth prospects proffered by the single European market - which came into effect at the start of this month - and the gradual lifting of investment restrictions in recent years across the continent, has encouraged companies and investors to snap up offices across Europe.

Average capital values across continental Europe have already fallen by 25 per cent from their peak in 1991, says Jones Lang Wootton, and there is every sign that the decline will continue. Only Hamburg posted any rise in rents in 1992.

Spain is enduring the steepest fall in values in the EC, apart from the UK. Capital values of prime offices have fallen by about 30 per cent in the past year in Barcelona and by 28 per cent in Madrid over the same period. In Milan, office values have fallen by a fifth. However, relatively modest gearing has given the Milan market some resilience.

France probably provides the greatest cause for concern. Banks and insurance companies are closing ranks in an attempt to reduce the damage from the up to FF80bn (\$8.6bn) of estimated doubtful

debts in their property loan portfolios.

The French government has proposed measures such as granting tax advantages and deferment of stamp duty to help the industry. However, the government is reluctant to be seen to be bailing out speculators and its half-hearted measures are unlikely to stabilise the market given the large supply of new office space that is due to come onto the market this year.

Recession and high interest rates have sent much of the German market into reverse. The reconstruction of eastern Germany, like other markets in central and eastern Europe, is being held back by problems of land restitution. Economic hardship and the difficulties in imposing a market structure after decades of communist rule are additional difficulties in Hungary, Poland, the Czech Republic and Slovakia.

Opinions differ about the UK, the worst-hit market in Europe. In spite of severe structural problems of oversupply and weak demand, a small but growing number of investors believe that the decline of the past three years has run its course. "This is a good time to buy," says Mr Gerald Blundell of Jones Lang Wootton. "This year will be the turning point."

Similar arguments are promoted by optimists in Australia and the US. Australian real estate represents "an excellent counter-cyclical play," according to Baillieu Knight Frank Research, property advisers. Some property specialists also believe that US markets, where office values have fallen by more than 50 per cent in the past four years, are through the worst. "Although there is

no sign of improvement yet there are growing signs that we are at the bottom," says Mr Sol Rabin, a partner of TCW Realty Advisers.

The bull case for US property is that new construction has ground to a halt and recovery is gathering pace. For all that, it usually takes several years of growth before companies take new premises. And the construction peak of the 1980s will take years to work through: some 40 per cent of buildings in the US were built in the past 10 years. Moreover, lower interest rates have not yet encouraged a resurgence of investment, which has fallen from \$21bn in 1988 to about \$3bn in 1992, says Mr Rabin.

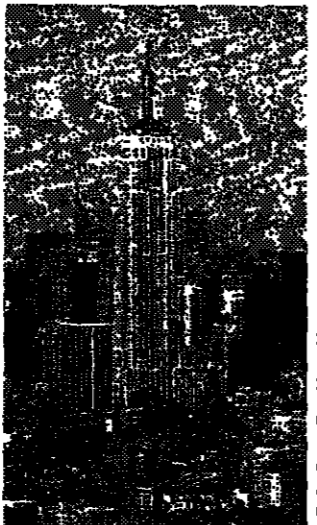
An aspiring investor would do well to examine the property markets of Asia, which in spite of oversupply problems are generally supported by robust economic growth, with the notable exception of Japan. "Asia still continues to be one of the brightest areas in the world," says Mr Alan Hill of Jones Lang Wootton.

Malaysia has attracted much attention from investors. Factors such as political stability, a shortage of office space, and its bid to hold the 1998 Commonwealth Games have led to rising values and the launch of big developments.

But there are also many risks in Asia. Thailand and Hong Kong are dogged by political uncertainty; Singapore has a large oversupply of office space, which has resulted in a fall in excess of 20 per cent in rents since the end of 1991.

Another concern is that Japanese banks and investors, which have supplied much of the capital for investments in the region, have withdrawn, forced in large part by severe problems in their domestic property market. Values have fallen by 30-40 per cent in Tokyo; non-performing loans are estimated to be in the order of ¥500 trillion.

The property losses suffered by many big banks are perhaps the most worrying consideration for would-be investors. This is because property prices are heavily influenced by the availability of credit. Although investors may be encouraged by the possibility of buying near the bottom of the cycle, caution is likely to remain the watchword in 1993.



New York: no improvement

Gardner goes back to GEC-Marconi

Roy Gardner has been made managing director of GEC-Marconi, the General Electric Company's £3bn-a-year defence arm. He replaces David Fletcher, who held the job for only 18 months.

The change was made discreetly last month, in accordance with the publicity-shy traditions of the GEC group.

Gardner, who is 47, was brought back into GEC-Marconi as Fletcher's deputy in September. He was finance director at the company before being headhunted in 1986 to fill the same post at STC, where he became right-hand man to chairman Arthur Walsh and gained a name as a cost-cutter.

After STC's takeover by Northern Telecom in late 1990, he became chief operating officer of Northern Telecom Europe.

His first move in his new job, announced yesterday, has been to merge four subsidiary companies into a new grouping, GEC-Marconi Avionics, encompassing activities from airborne radar to flight controls and power systems. The new company, with annual sales of about £850m and 13,000 employees, can lay claim to being the biggest in Europe in the avionics sector.

Gardner's background in finance contrasts with that of Fletcher, an engineer who has



spent his whole career at GEC-Marconi. In the managing director's post, Fletcher made his mark with a confident and innovative approach to new

business and new inter-company links.

Although losing his executive responsibilities, Fletcher has been appointed a deputy chairman of GEC-Marconi, increasing the number of chairmen and deputy chairmen to five. His remit is to help develop new business and joint venture opportunities, including collaboration with foreign companies.

GEC chose to restrict its public announcement of the management change to the trade press. As Fletcher commented with some regret while still in the driving-seat last year: "It is in the nature of GEC to keep a low profile."

English Trust makes Gadd moves

Following the purchase of the UK corporate finance activities of boutique merchant bank JS Gadd last month, English Trust has put former Gadd managing director Charles Good on to the board of the group's holding company and Stephen Goschalk on to the board of the principal operating subsidiary English Trust Company Ltd.

JS Gadd's parent, SG Investments, which was founded by Staffan Gadd in 1987, three years after he quit his position as chairman and chief executive of Samuel Montagu, has been engaged in a series of disposals because of pressure from its original Swedish shareholders, many of which have gone into receivership, to realise the cash.

Goschalk, 40, trained as a chartered accountant with Touche Ross; after spells at London Trust and Charterfield, the venture capital group, he joined JS Gadd on the corporate finance side. Good, meanwhile, goes on to the group board in a non-executive capacity (see below).

At the same time, English Trust, which effected a management buy-out from Nordbanken in 1991, promoted Alexander Gilham, 39, on to the board of English Trust Company. She has been closely involved in advising Trio Investment Trust in the prolonged deal last year involving the purchase of money broker Martin Bierbaum.

Notwithstanding the depressed state of the UK cor-

porate finance market and the number of second-tier merchant banks who have curtailed their involvement in it, Goschalk, who claims to have a number of deals in the pipeline, says he genuinely believes a modest outfit like English Trust can offer small and medium-sized companies a better service - in contrast to the "very mixed" treatment they get from the leading houses.

Charles Good

Charles Good, formerly managing director of JS Gadd, is moving to Glasgow as managing director of the Scottish operations of Shoprite, the fastest growing part of the discount food shops empire. The position is a new one, the result of realising that it had become inappropriate to run the Isle of Man-based company entirely from the island.

Shoprite, the property-to-discount food stores group, has established 35 stores in Scotland in the past two years and plans to open at least 24 more in the next 12 months.

Good, 46, has been advising Shoprite for the past seven years and been on the board in a non-executive capacity for the past three.

A chartered accountant who picked up corporate finance skills at S G Warburg before setting up his own company, C A Good, at the beginning of the 1980s, he sold out to JS Gadd in 1987 for £500,000. The UK corporate finance busi-

nesses of the latter, in turn, were sold to English Trust in December.

He explains the move as motivated "not by a negative feeling about corporate finance and certainly not about English Trust. But I have been in this game for 20 years".

He adds that he is a great believer in the Shoprite formula and that he is also "sympathetic to the industry" - having personally owned three supermarkets in Reading between 1979 and 1982.

Analyst Plaut

Timothy Plaut, the number one Exel-rated analyst for German equities, has left SG Warburg after six years. Plaut, along with the rest of the team, Nick Jones and Stefan Sasse, will be joining Goldman Sachs at the start of February.

Goldman, which two years ago had no physical presence in Germany, has expanded rapidly with around 76 staff now based in Frankfurt. The US investment bank says the Warburg hiring reflects the need to expand its German equity coverage.

However, Plaut and his team will be based in London, along with all the rest of the European research team - save one or two economists.

In an unusual move, the previous head of equity research, Mark Edmondson, is transferring to New York as a senior European equity salesman.

■ Ian Brindle, senior partner of accountants Price Waterhouse, has been appointed a member of the Accounting Standards Board, the UK accounting standards body.

Brindle, 49, replaces Kiwyn Killeade, senior partner of Ernst & Young, who resigned from the ASB recently.

He is no stranger to professional bodies, having been a member and then chairman of the Auditing Practices Committee from 1986-90.

He brings membership of the ASB back to nine voting members at a time when it is entering the most testing phase since its creation in August 1990. The others are David Tweedie, Alan Cook, Robert Bradfield, Sir Bryan Carsberg, Michael Garner, Donald Main, Roger Munson and Graham Stacy.

Until his new appointment, Brindle was also a member of the ASB's urgent issues task force, which produces judgments on newly emerging accounting approaches. He has been temporarily replaced by Mary Keegan, another PW partner, who is likely to take his place permanently.

■ Peter Baring, chairman of Barings, is to be chairman of BARING ASSET MANAGEMENT, on the retirement of Miles Rivett-Carnac.

■ Rupert Tyler and Charlotte Black have been appointed directors of BREWIN DOLPHIN.

■ Andrew Mickleburgh, Andrew Neill and Michael Symonds have been appointed directors of GUINNESS MAHON.

AIRLINE INDUSTRY

Worldwide Timetable

Surveys

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21 May 1993

Business Travel

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COMPANY NOTICES

SOVEREIGN HIGH YIELD INVESTMENT COMPANY N.V.
Notice is hereby given that the Annual General Meeting of Shareholders of SOVEREIGN HIGH YIELD INVESTMENT COMPANY N.V. will be held at our offices at 4, John B. Constantweg, Curacao, Netherlands Antilles on January 28, 1993 at four o'clock in the afternoon.

The proposals to be voted upon will be available at the offices of the Company's Administrator, Pison Trust (Curacao) N.V. at 4, J.B. Constantweg, Willemstad, Curacao.

Shareholders will be admitted to the meeting on presentation of their shares, or by way of proxy. Proxy forms may be obtained from the abovementioned offices of the Company. The proxy can be returned by way of telex or teleprinter, followed by the completed original proxy form sent by airmail. The telex No. is 1147 and the teleprinter No. is 999-6-61217.

Curacao, January 8, 1993

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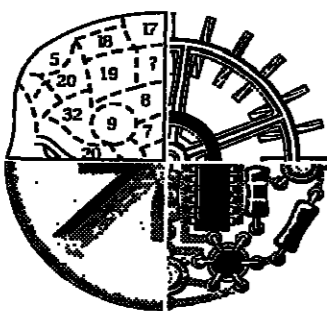
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TECHNOLOGY

Worth Watching · Andrew Fisher



Portable DCC out this summer

Electronics makers Philips and Matsushita, co-developers of the Digital Compact Cassette, yesterday announced the development of a portable version of the next-generation audio system, writes Emilio Trazzono.

The companies will start marketing the walkman version of the DCC this summer, starting in Japan at the price of ¥60,000 (£320). With the launch of the portable DCC, consumers may finally see the expected marketing battle between Sony's digital audio system, the Mini Disc, launched last year.

While the main difference between the two systems is that DCC is a tape format and Mini Disc is a disc format, Matsushita argues that its portable system is smaller, lighter and its batteries last 1.6 times longer than the Mini Disc.

Computers come to the rescue

When accidents occur, the first reaction is often panic. To help deal with emergencies in industries processing hazardous materials, Pacer Systems of the US has developed what it calls the first expert computer system for those responding on the spot.

Plantsafe provides automated advice for emergency co-ordinators, safety managers and on-site team leaders who have to react quickly to fires, leaks, spills and other hazardous situations. Its main uses are in the oil, petrochemical, chemical and pharmaceutical industries.

Says David Whitby, UK-based marketing manager for Plantsafe in Europe: "Previous systems have been able to provide information only on vapour or gas releases. Plantsafe provides the full range of information for emergency team needs."

Plantsafe: UK, 0483 730905. Pacer: US, 508 667 8800.

Business as usual

Of 33 US companies which took precautions to protect mini and mainframe systems in the event of disaster, but not personal computer networks, only three were in business a year later. The example is quoted by Norman Trister, head of Profile Computers, which has launched a service to enable companies to recover their PC networks.

NetCall covers nearly every type of disaster than can affect a network. It aims to let managements concentrate on running their businesses when disaster strikes, not on recovering PC systems.

Profile claims NetCall can get users back in business within eight hours. Engineers start recovery procedures within two hours.

The service provides a high-specification standard PC network with applications and data restored and a full support programme. The collapse of a PC network, says Trister, "need be no more than a temporary inconvenience". Profile Computers: UK, 071 638 5565.

Keeping up to date on safety

Mention of new EC directives is likely to produce a yawn among those affected. This year, companies have to comply with new directives covering health and safety management, equipment safety, handling of loads, working conditions, protective equipment and display screens.

To help businesses comply with these environmental, health and safety rules, Digital Equipment Corporation has brought out a computer-based training course to make staff aware of the requirements.

Users of the training package, distributed by Compliance Training, can select topics related to their jobs or workplaces. Paul Watmough, head of Compliance Training, says the package "gives companies a truly cost-effective way of delivering timely and useful training in the new EC regulations". The basic price is £380. Compliance Training: UK, 071 377 8791.

The government's controversial determination, reaffirmed this week, to press ahead with the privatisation of Britain's rail services opens up exciting opportunities for new train operators, but is also bound to cause practical headaches.

One area fraught with potential problems is the timing of train arrivals and departures. Twice a year, British Rail turns to its train service database to produce its national passenger timetable, filling a hefty 1,500 pages. Future franchisees will have to become closely involved in this logistical exercise, likely to become even more complex when they enter the rail scene.

Although committed to franchising out passenger services, the government will not abandon the national timetable. Thus operators will have little scope to make their services more attractive than BR's existing trains by obtaining more favourable timetable slots. The main advantages of privatising routes will, as the government sees it, be in improved service and marketing.

However, new operators will be involved in the timetable planning process, though timings will be allocated centrally by a new regulatory body. BR employs about 100 planners in six regional groups to draw up its timetable. Their job is to turn a list of competing bids to run services from BR business managers (and, in future, franchisees) into a safe, coherent, integrated service.

The timing of every train in the country - there are 16,000 services a day - is worked out individually and interleaved with slower or faster trains that want to use or cross the same track, taking account of engineering works and speed restrictions.

One of the busiest regions is handled at Rail House in Crewe, Cheshire. This is the West Coast Mainline, including Intercity services between London and Birmingham, Manchester, Holyhead, Carlisle, Liverpool and Manchester, as well as Intercity Cross country services, local services and freight.

In the West Midlands alone, this means juggling the needs of Intercity trains to and from London with the competing demands of Midlands Cross Country Railway, Regional Railways Central, Birmingham's Centro and Railfreight, with the slowest train on the line governing its capacity.

The team's main tool is Protim, a system developed by BR computer staff in York. Protim encapsulates BR's train planning rules and is based on personal computers linked in a local area network and connected to the central Train Services Database (TSDB) on a mainframe computer, also at Crewe.

The planners also have access to



Just the ticket: timetable planners offer a compromise between the aims of the business manager and the line's capabilities

Steering clear of chaos

Nuala Moran on how British Rail compiles its timetable and how private franchisees will compete for space

a computer system in Derby which holds data on track geography and speed restrictions and the capabilities of each class of BR locomotive, allowing planners to time any train between two points.

The timetable process begins with a bid from Chris Dwyer, West Coast Intercity business manager, and his colleagues for slots, or train paths, to run a set of services. John Whitmore, chief timetable planner at Crewe, needs to know the number of trains for each service, where they will go from and to, and where they will stop.

Faced with a barrage of conflicting bids for train paths (the West Coast Mainline consists of a fast up-and-down track and a slow up-and-down track, with few opportunities for overtaking), the timetable planners invariably offer a compromise between the aims of the business manager and the line's capabilities.

"Our aim is to come up with a

performance schedule based on a set of rules called Rules of the Plan which are agreed between the operator, train planner and the performance manager who monitors BR's efficiency," says Whitmore.

The Rules of the Plan include such constraints as:

- Station dwell time - the standard period (now one minute) that trains stop at intermediate stations.
- Connection allowance - the maximum time needed to get to a connecting train at main interchanges. The approach here is to take the case of, say, an elderly person with bags who cannot use stairs and has to go across a big station.
- Changing locomotives - some trains will need to change locomotives from electric to diesel; the rules allow 11 minutes.
- Turnaround time - every Intercity train needs a long stop at the terminus while it is cleaned and has reservation tickets attached; 40 minutes is allowed.
- Engineering recovery time -

this is distinct from engineering works and involves a speed restriction applied while new ballast consolidates.

In the current timetable, there is an extra allowance of 12 minutes in the London-Glasgow timings for such reduced speeds.

BR has a real-time computer system which tells it where each train is and how it is performing against its timetable, providing feedback for timetable planners of any changes needed.

Once the planners have a list of the trains BR wants to run and how long each will take on its journey and between all intermediate stages, they still have to fit each service into a timetable, ensuring that timings do not conflict.

The main charge levelled by opponents of the franchising plans is that they fail to take account of the complexity of BR's operations. Changes in the timings of trains between London from Manchester can affect services as far away as York and Newcastle.

The way to leap ahead

New technologies can both excite and frighten companies without the resources or knowledge to exploit them properly, however much they may stand to benefit.

"For this reason," says Fraunhofer, a German applied research organisation, "many small and medium-sized ventures prefer to play safe and venture without the latest forward-looking equipment."

To try and help such timid or inexperienced businesses, Fraunhofer's Production Technology Institute in Aachen has got together with the Institute of Technology Management at St Gallen University, Switzerland, to produce a technology "calendar".

The idea is to offer information not only on technologies relevant to particular products, but also about the economic and human resources needed to implement them.

For example, some complex processes may well be technically and financially suitable for certain companies. But lack of qualified people could make it hard to introduce advanced production methods.

The technology calendar comprises a special database (called dabit) on innovative technologies and guidelines telling companies which materials (such as plastics, ceramics, and special steels) can be subjected to which processes (such as cutting or coating by laser, water jet cutting, or injection moulding) and at which manufacturing stage.

Those using the calendar - though developed in Germany and Switzerland, it is aimed at companies around the world - can either just tap into dabit to keep up to date with particular technologies or make use of guidelines developed for particular technological, financial and employment circumstances.

However, companies in some countries will obviously be in less need of such assistance than in other parts of the world. As experts at Aachen and St Gallen point out, the success of many Japanese companies stems from the fact that they invest more than twice as much in developing and applying advanced production technologies as do comparable US concerns.

Andrew Fisher

There is a limited amount of exhibition space available at the conference

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مكتبة النجف

Korea squashed into a corridor

Susan Moore visits the Samsung Gallery

The V&A's new Korean art gallery is little short of a slap in the face for the culture it seeks to celebrate. First, the "gallery" - a glorious misnomer for what is in fact a section of corridor previously occupied by part of the sculpture collection. This is the nub of the problem. The gallery is heralded as "the first permanent, comprehensive display in Korean art in Britain", reflecting some 1500 years of Korean art and craft. What we find are some 300 objects of wildly fluctuating quality presented in a hotch-potch display, in this crowd of exhibits, squeezed into a corridor as if an embarrassing postscript to the Far Eastern collection, a fair representation of the achievement and culture of the Korean people? I think not.

A new Korean gallery was not at the top of the list of the museum's priorities. It has an important but smallish collection of some 600 items, notably ceramics, built up *ad hoc* after 1878. During the state visit to Britain of the Korean President and his wife in 1989, the First Lady Kim Ok-sook was disappointed by the low profile of Korean art in Britain and asked whether the V&A would be interested in a Korean gallery. Soon after, the Korean conglomerate Samsung came forward to offer the museum £430,000 for the project. Looking around the Samsung Gallery of Korean Art, it is difficult to see how the sponsor's money was spent.

Rather than allowing the strengths - and weaknesses - of the museum's holdings to determine the nature of the display, the curators opted instead for the bold historical sweep regardless of the lack of appropriate material with which to flesh it out. Take the ceramics, which line the right wall of the corridor. The first case, which claims to display Korean pottery 900-900 AD, fails to do justice to the abundance, diversity of shapes and skill of the Silla potters and makes for an unpromising introduction. While the collection does have some fine examples of 18th century white porcelain with underglaze red decoration, these are outnumbered by a clumsy

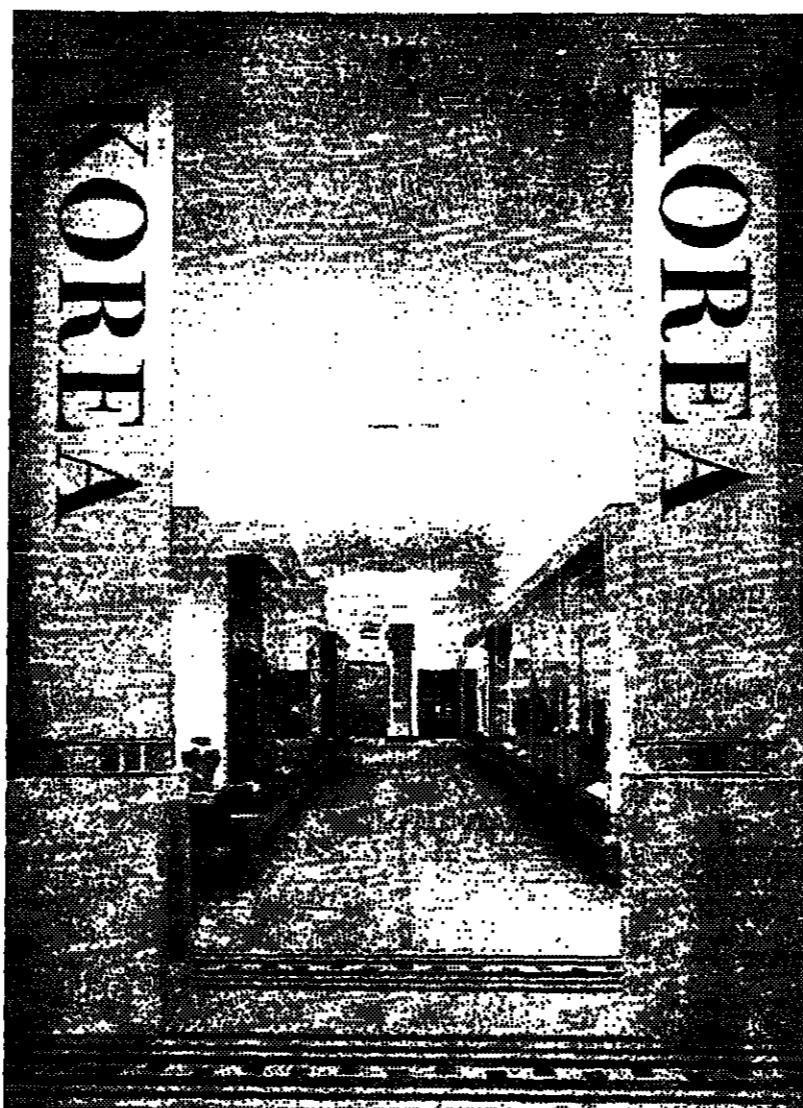
arrangement of large blue and white porcelain, grey and deformed.

Equally misleading are the displays of furniture, textiles and metalwork on the left flank of the corridor. The collection has been arbitrarily ordered into themes in the spirit of the T.T. Tsui Chinese Gallery, where works of art are presented as documents of social history. In the shallow space of "The Man's Room", for example, we find a carved slate funerary epitaph to a 17th century official which would probably have been made for display in an ancestral shrine. Similarly, alongside objects made for the scholar's desk such as elegant porcelain and inlaid metal brush pots, we find a small bronze incense burner that, far from being an object of everyday life, was used in Korea for ceremonies, either in a Buddhist monastery or for ancestor worship. A kind of eternal Korea is presented: there is no sense of chronology or evolution. Some objects are contemporary, others may be 16th century.

The cases are sprinkled with objects that strike even the untutored eye as third-rate - a Choson lacquer table inlaid with mother-of-pearl; hunting and flower screens; and a garish contemporary flower painting made by a Buddhist monk. A glance at their inventory numbers reveals them to be the fruits of last-minute shopping expeditions to stop the gaps. The inexplicable absence of any Korean art specialist from the gallery advisory committee is only too apparent.

It would be wrong to suggest that the gallery did not contain rare and exceptional works of art. There is the arresting Choson jar bearing a boldly gestural lotus flower in underglaze red. Another of the collection's treasures is a Koryo dynasty bronze vase of 1100-1300 AD, subtly inlaid in silver wire with delicate willows and waterfowl. The inlaid Koryo celadons are peculiar to Korea, as are the brightly painted ox-horn caskets from the late Choson period.

By not being sufficiently selective the Far Eastern department does a grave



The new Samsung Gallery of Korean Art at the V&A

diservice to its public. It is worth contrasting the V&A experience - complete with unhelpful silent videos and an object we are invited to touch, a completely smooth blue and white dragon jar - with the spectacular new Hotung Gallery of Oriental Antiquities at the British Museum, and the Fitzwilliam's installation of the outstanding Gompertz collection of Korean ceramics. (The spacious Fitzwilliam gallery was created in 1990 for less than \$50,000.)

Both galleries reveal a respect and a feeling for works of art which are lacking in these cluttered shop-window displays. Here, individual objects do not have the breathing space to be properly viewed or to speak for themselves. The quiet, understated quality of so much Korean art does not profit from busy neighbours. Thanks to the peculiar serenity of the Gompertz Koryo celadons - combinations of simplicity of shape, sparse decoration and perfect, luminous glazes - the effect of the Fitzwilliam gallery is overwhelming. The visitor goes away determined to find out more. Faced with the Samsung Gallery, the visitor could be forgiven for walking away unmoved and little the wiser.

Theatre/Malcolm Rutherford

The Curse of the Pharaohs



Peter Glancy, Sophie McConnell and Nick Rawling

Sophie McConnell for the relatively small part of Lady Evelyn. Ms McConnell, without the slightest affectation, is both loving daughter to her father and devoted admirer of Carter.

Then, in the second act, Carnarvon dies. I thought this scene, played by Peter Glancy as Carnarvon, was extremely moving. Again, nothing is

overdone. The old theatrical standbys of death on the stage and a final deathbed conversation, man-to-man, come off gloriously.

Even Glancy, however, is finally over-

taken by Nick Rawling as the Egyptian. As prime minister, Rawling throws out the petronising British only to be himself thrown out as the British fight back. He takes the rebut with immense calm and charm, confident no doubt that one day the Egyptians will be back.

Other pleasures abound: the Egyptian music composed by Richard Heacock; the lighting by Ron Hollis which is essential to the plot. There are some very funny, very English lines along the way. Brooks has been writing for

Empty Stage since 1988. His previous works include an adaptation of *Pilgrim's Progress* and *The Strange Case of Dr Jekyll and Mr Hyde*. *The Curse of the Pharaohs* is that it is not just a play for a studio stage, it should go down well anywhere. The production is impeccably directed by Andrew Holmes, the founder of Empty Stage. If he turned off the illuminated exit sign at the back of the theatre, one of the key scenes would be even creepier.

Lyric Studio, Hammersmith, until January 23. (081) 741 8701

Obituary

Dizzy Gillespie

Flamboyant, often exotic in appearance, the curious up-bent horn propelled by extraordinary ballooning cheeks, Dizzy Gillespie, who died on Tuesday, has long been one of the most instantly recognisable figures in modern jazz. As the inventor of a whole new style of trumpet playing and, in partnership with alto saxophonist Charlie Parker, the creator of a new and difficult language in jazz, he is one of the music's most important and influential figures.

Born John Birks Gillespie in Chocoma, South Carolina on October 21 1917, he first picked up the trumpet at age 12 and moved to the trumpet a year later. His musician father had died when he was ten and the young Gillespie followed precocious self-tuition with study at the Laurinburg Institute in North Carolina.

A keen follower of big band trumpeter Roy Eldridge, he took his hero's place in Teddy Hill's band in 1937, visiting Europe and recording for the first time. In 1939 he joined the Cab Calloway Orchestra as a featured soloist and what started as a clash of personalities with the leader ended as a fight and the prankster Gillespie being sacked from the band.

During his time as an arranger for the big bands of Woody Herman and Jimmy Dorsey that followed, Gillespie began to hang out in New York's 52nd Street clubs, and Minton's in particular. Here he met Charlie Parker, a more chaotic but equally incandescent talent, and the seeds for the vital new music were sown. Parker and Gillespie became friends and between them, leading sextets and quintets, they introduced the new, seething sound that was bebop to astonished audiences across the US.

Where Parker was the unpredictable cauldron of ideas, rarely off the boil, Gillespie's perfect phrasing and clowning approach lent modern jazz accessibility and acceptability. Where Parker was the shooting star, burning bright in small groups and leaving imitators to hang on his tail, Gillespie sought to shed light on the possibilities in the new music for both peers and rivals. A match for Parker's boundless creativity and technical skill in improvisation, Gillespie's soloing was marked by flawless phrasing at impossibly high speed and register. He could hit the ear hard where it was least expected, and yet maintain an insidious swing.

Gillespie's development as a musician was complete by the end of the Forties and compositions such as "Night in Tunisia", "Salt Peanuts" and "Blue 'n' Boogie" established as swinging

anthems of bebop. By the mid-Fifties, when Parker had all but burnt out, Gillespie had become a sort of cultural diplomat and even carried out world tours for the US State Department.

Throughout the 1960s and '70s as the jazz (and pop) idiom underwent further change, Gillespie's international stature grew. The essence of his playing remained undiluted by his (pioneering) exploration of latin rhythms and latterly of fusion, his comic approach sometimes drawing criticism, often attracting new interest in jazz music. A tireless tourer, Gillespie began to reach wider audiences in the 1980s as the international festival circuit grew; the virtuoso entertainer with a self-deprecating but impish persona had finally picked up where Louis Armstrong left off - as genial ambassador for an often unapproachable and factionalised branch of contemporary music.



Dizzy Gillespie

Jazz in 1992/Garry Booth

High points from old hands

Nineteen ninety two started and finished well enough. On New Year's Day 1992 over 20 of the UK's fiercest free improvisers crammed into the sub-tropical basement of the 100 Club to celebrate South Africa's Blue Notes in gloriously discordant style.

The year's end, with Norwegian saxophonist Jan Garbarek freeze-drying the Barbican as his contribution to the *Tender is the North* smorgasbord of Nordic art, was a breathtaking contrast.

The intervening months - with some notable exceptions - were less inspiring and more temperate. Perhaps it was the recession, maybe it was the carping over Jazz FM. Heaven knows, I have tried to like "London's 102.2". I do not smile knowingly when I see Helen Mayhew stumble over the pronunciation of Bix Beiderbecke. I do not clamour for rare Charlie Parker accompanied by the sound of eggs frying from dawn to dusk. But I do turn the wireless off in the daytime when the Jazz FM computer selects Sade/Robert Cray/Simply Red for the umpteenth time that day.

If, as appears to be the case, the new middle of the road formula has paid commercial dividends this year, can the formula be made a bit bigger next year? Now that owner David Maker has succeeded in moving the station into profit

thereby securing it, he can surely afford to programme more discs into the machine which runs the station during daylight hours?

It was not a good year for television either. Having won precious airtime the right side of the witching hour for its live recordings of the Brecon Jazz Festival, BBC Cymru blew it the way television always blows it by not getting the sound right. Are TV engineers stone deaf? Pat Metheny does not spend thousands of dollars on a synthesizer in order to reproduce the sound of a badly tuned ukulele.

For the real stuff, next, the year was better spent out of the armchair and on the South Bank, ears pinned against the chattering classes at Ronnie Scott's or in the Jazz Café (which finally found a new owner in September). If not all of it was notable there was a tremendous amount of jazz music to be had in London in 1992 and, perhaps surprisingly, the highpoints were provided by the old hands.

Brummie septuagenarian theorist Andy Hamilton finally took the South having just released his debut album: Pharoah Sanders boggled the Jazz Café with undiminished impro; Ornette Coleman dazzled the Festival Hall with his shimmering son et lumiere show; and Tony Williams led Wayne Shorter, Dave Holland, Wallace Roney and Herbie Hancock through old paces,

tenderly revitalised, at the Royal Albert Hall.

But for embarrassment and riches combined, one performance stands out above the others - that of Keith Jarrett, the John McEneaney of the concert grand. It is increasingly the fashion nowadays for jazzmen to barely acknowledge their audience, pausing between numbers to receive applause before sternly serving up the next piece. Not so Jarrett, who began his Standards Trio set in fine form by lambasting New Music ("like being hit over the head by a nerf ball"). Alternative Musicians ("the neo-pseudo bebopist club") and World Music ("like bringing home an exotic flower and watching it wither"). And all this pleasurable railing delivered before a note had been played.

After the first set - of inspired improvisation, Jarrett squealing involuntarily like a seal as is his custom - he returned, hands high on hips, to curate electronic music ("fit only for Disneyland") and job again for good measure at new music fans. Then, joy, he mistook the mixing desk for someone he thought was bootlegging his gig. "Whoever you are, whatever you are," he intoned menacingly, "you have got a problem..." Pity more of our visitors could not have provided so electric a setting for their performances this past year.



London's Barbican Centre is to host a Benjamin Britten festival from February 25 to March 21, with Mstislav Rostropovich as artistic director. Following the Barbican's celebrations of Shostakovich and Prokofiev in previous years, this is the third occasion in which the Russian cellist-conductor will have played a leading role in presenting the works of a 20th century composer whom he counted as a friend.

Rostropovich will conduct several festival concerts including the Piano Concerto played by Barry Douglas (Feb 28), two performances of Peter Grimes (March 14 and 17) and a Royal Albert Hall performance of the War Requiem (March 21). He will also be soloist in a programme including the world premiere of Robert Saxton's new cello concerto and Britten's Cello Symphony (March 18). The resident orchestra will be the

London Symphony. Other artists taking part include the Nash Ensemble and Borodin Quartet. The Guildhall School of Music and Drama will present a performance of *Curlew River*, the first of Britten's church parables. There will be a Britten exhibition, plus film screenings of his opera *The Turn of the Screw* and *Love for a Stranger*, the only feature film for which he specifically composed the score.

Other highlights of the London music calendar over the next two months include a three-day Janacek Festival organised by the BBC at the Barbican next weekend, a visit from the Prague Symphony Orchestra under its new chief conductor, Martin Turnovsky (Jan 24), a new Royal Opera production of Verdi's rarely-staged *Stiffelio* conducted by Edward Downes (Jan 25) and a Schubert Festival at the South Bank Centre starting on Feb 4.

The theatre programme features Arthur Miller's new play *The Last Yankee* at the Young Vic (Jan 21-March 27), *King Lear* directed by Max Stafford-Clark at the Royal Court (Jan 21), *The Importance of Being Earnest* at the Aldwych with Maggie Smith as Lady Bracknell (March 9) and Richard Eyre's new National Theatre production of *Macbeth* starring Alan Howard (March 26).

EXHIBITIONS GUIDE

AMSTERDAM
Rijksmuseum North
Netherlandish Art 1580-1620.

Ends March 7. Discarding the Brush: Gao Qigui (1680-1734) and the Art of Chinese finger painting. Ends Feb 28. Closed Mon

Van Gogh Museum Glasgow
1900: art and design from the city's heyday. Ends Feb 7. Daily

BERLIN
Alte Nationalgalerie The
Collection of Count Raczynski: Paintings of the late Romantic era. The collection of the 19th century Polish aristocrat and German and other European masters from the period 1830-70. Ends Feb 14. Also Art in Germany 1905-37: paintings and sculpture from the gallery's own collection. Ends April. Closed Mon and Tues

Neue Nationalgalerie Pablo Picasso: After Guernica. A major exhibition of 90 paintings, 80 drawings and ten sculptures representing his later work, with a special focus on the 1950s. Ends Feb 21. Closed Mon

COLOGNE
Museum für Angewandte Kunst
Jewels of Fantasy: 350 pieces of costume jewellery by names such as Chanel, Dior and Kenneth Jay Lane, tracing the social, economic and cultural influences on 20th century jewellery design. Ends Feb 7

FORT WORTH
Kimbell Art Museum Egypt's
Dazzling Sun - Amenhotep III and His World: 143 works, including colossal statues, wall paintings, ritual implements, jewellery, ceramics and rainbow-coloured glass, focusing on Tutankhamen's illustrious

ancestor, who reigned 1391-1353 BC. Ends Jan 31 (this exhibition will be seen in Paris in the spring)

GLASGOW
Burrell Collection Boudin at Trouville: a collection of paintings by the late 19th century minor master from Normandy, showing how one painter's view of the same seaside scene is affected by differing weather and minimal regroupings. The period charm of the society scenes remains intact, but attention is diverted from the topical anecdote to what really interests Boudin - the infinitely variable play of sunshine and cloud, wind and calm. Ends Feb 28. Daily

THE HAGUE
Mauritshuis The Mystery of a Ball Unravelling: the technical and historical investigation of a Flemish painting. Ends Feb 21. Closed Mon

HANNOVER
Sprengel Museum Picture Metamorphoses: an exhibition devoted to artists who draw inspiration for a variety of work from a single subject, with paintings by Manet, Léger, Emil Nolde and others. Ends Feb 7. Closed Mon

LONDON
Accademia Italiana Ruskin and Tuscany: around 270 exhibits, including original works by Ruskin and associated artists, plus books and historical material, showing the impact of Tuscan culture on the Victorian polymath who became the most influential art critic and cultural historian in mid-19th

century Britain. The exhibition looks at the art and architecture of four major cities - Florence, Pisa, Siena and Lucca - and examines Tuscany's contribution to European civilisation. Ends Feb 7. Daily

Tate Gallery Visualising Masculinities: 13 paintings and sculptures from the Tate's collection, exploring questions about the display and meaning of the male body in art since the mid-19th century, and including work by Millais, Epstein, Pollock, Bacon and Longo. Ends June 6. Daily

Royal Academy of Arts Sickert: 134 works from collections worldwide. Ends Feb 14. Daily

National Gallery Munch: The Frieze of Life. Advance booking through First Call 071-497 9877. Ends Feb 7. Daily

MARTIGNY
Fondation Pierre Gonnade Ben Nicholson: retrospective of the British abstract painter. Ends Jan 24. Daily

NEW YORK
Museum of Modern Art Matisse. Ends Jan 12. Closed Wed (Admission by timed-entry tickets: call Ticketmaster 212-307 4545)

Metropolitan Museum of Art The Royal City of Susa: Ancient Near Eastern Treasures in the Louvre. Ends March 7. Also Masterworks from Lille: 100 paintings and drawings from the Renaissance to the 19th century. Ends Jan 17. Alexander Jackson Davis: great romantic of American 19th century architecture. Ends Jan 24. Loma Negra, a Peruvian Lord's Tomb: 3rd century

adornments made by the Moche people of Peru. Ends July 4. Closed Mon

Brooklyn Museum Frederic Bazille (1841-1870): 60 works by a precursor of the Impressionists. Ends Jan 24. The museum's collection of 58 Rodin sculptures has been reinstalled. Closed Mon and Tues

PARIS
Musée d'Orsay Sisley. Ends Jan 31. Closed Mon, late opening Thurs (qual Anatole France)

Louvre Byzance: 400 Ivories, silks, enamels, manuscripts, icons and goldsmiths' work. Ends Feb 1. Closed Tues (Hall Napoleon)

Musée d'Art Moderne de la Ville de Paris Figures du Moderne: 450 works by Kandinsky, Nolde and other Expressionists. Ends March 14. Closed Mon, late opening Wed (11 ave du Président Wilson)

Petit Palais French drawings of the 18th century, including works by Fragonard, Watteau and Vien. Ends Feb 14. Closed Mon (ave Winston Churchill)

Musée Picasso Crucifixion: an exhibition built around Picasso's masterpiece of 1930, and including works by Bacon, Sutherland and de Kooning which were influenced by it. Ends March 1. Closed Tues

WASHINGTON
National Gallery of Art The Greek Miracle: Classical Sculpture from the Fifth Century

BC. Ends Feb 7.

Also Ellsworth Kelly (b1923): 40 paintings dating from his early years in France. Ends Jan 24. Contemporary Drawings and Prints from the Permanent Collection: 123 works, dating from 1970 to 1989, by David Hockney, Jasper Johns and others. Ends March 14.

Art of the American Indian Frontier: 150 objects produced by Woodland and Plains Indians in the 19th century. Ends Jan 24. Daily

National Portrait Gallery Rembrandt Peale (1778-1860). Ends Feb 7. Daily

Phillips Collection Georgia O'Keeffe and Alfred Stieglitz: a conversation in paintings and photographs, with around 40 works by each, illustrating shared perceptions during their life together 1918-30. Ends April 4. Daily

National Museum of Women in the Arts Carrie Mae Weems: 120 photographs on the themes of race, gender and class among African Americans. Ends March 21. Daily

Arthur M Sackler Gallery The Golden Age of Sculpture in Sri Lanka. Ends Sep. Daily

ZURICH
Federal Institute of Technology Night-pieces: 60 prints illustrating how artists have been inspired by darkness and its contrast with light, from early 18th century works by Lucas van Leyden and Dürer to the present day.

Ends Feb 12. Closed Sat and Sun

George Bush put the finishing touches to his foreign policy legacy in Moscow last weekend when he signed the Start 2 agreement with Boris Yeltsin. But President-elect Bill Clinton may well wish his predecessor had taken the time to visit Kiev.

For the unprecedented cuts in the world's nuclear arsenal agreed in Moscow hinge on the decisions of a country which was overlooked by the summit - Ukraine.

In addition to Russia, three republics - Kazakhstan, Belarus and Ukraine - still have nuclear weapons stationed on their territories. Kazakhstan has already followed Russia's lead in ratifying the 1990 Start 1 treaty agreed between the Soviet Union and the US, which promised cuts in both countries' long-range nuclear missiles. Belarus can be expected to follow suit if Ukraine complies. But the Ukrainian parliament is resisting ratification of Start 1. And under the accord reached in Moscow, Start 2 cannot go into effect until the previous treaty is ratified.

Moreover, in the view of western military specialists, Ukraine is the only non-Russian republic with the capacity to become a nuclear power. It is home to many of the factories used to develop the Soviet nuclear arms industry, and the government in Kiev has won over the loyalty of most of the former Soviet soldiers serving within Ukraine's borders. As a result, many of the personnel guarding the 176 inter-continental ballistic missiles stationed on its territory take orders from Kiev.

Thanks to the combination of military potential and political resistance, Ukraine has suddenly emerged as the critical piece in the international disarmament puzzle.

Resolving the issue of Ukraine's nuclear arms is complicated by the divisions among the country's leaders. A vocal minority comprising Ukrainian nationalists and ex-communist hardliners contends that nuclear weapons are Ukraine's only guarantee against aggression from Russia.

It believes such safeguards are increasingly important, as relations between the two countries have deteriorated following disputes over the division of the Black Sea naval fleet and Ukraine's eastern border with Russia.

The Ukrainian ministries of defence and foreign affairs, by

Ukraine puts brakes on Start

Kiev might obstruct nuclear cuts, says Chrystia Freeland



Kiev controls missile personnel

contrast, continue to support removal of nuclear weapons. Marshal General Konstantin Morozov, the liberal minister of defence, has repeatedly warned the Ukrainian parliament that retaining the country's nuclear weapons would be prohibitively expensive and technically complicated, and that they should be removed in line with the Start 1 treaty. His views are supported by President Leonid Kravchuk and Prime Minister Leonid Kuchma.

But removal of nuclear weapons requires the agreement of parliament, and that will not be easy to win. Mr Dmytro Pavlychko, the influential chairman of the parliamentary commission on foreign affairs, has said that the legislature will not consider Start 1 until the country's economic reform programme has been approved by parliament. Even then, ratification of the treaty will

face a long and difficult passage.

One reason is that Ukraine's fragmented legislature has begun to vote with increasing autonomy and is less amenable to control from President Kravchuk.

But there is a second explanation. Having understood the strength of its bargaining position, Ukraine is determined to get something in exchange for surrendering its nuclear weapons. Its two principal desires are economic aid and security guarantees.

The issue of economic aid is fairly straightforward. Ukraine is seeking \$1.5bn in aid from the west to offset the cost of dismantling the missiles, and has hinted that a \$2bn-\$3bn fund to support the Ukrainian currency would speed ratification. After November's announcement of an economic reform programme by Mr Kuchma, western governments may be more willing to supply such finance.

Security guarantees, however, are more contentious. Ideally, Ukraine would like public pledges of western assistance in the event of Russian aggression. Aware that they are unlikely to receive such pledges, Ukrainian diplomats are proposing a compromise: that all nuclear powers, or at least Russia and the US, guarantee that they will not attack Ukraine with nuclear or conventional weapons.

To date, western governments have been dismissive of Ukraine's efforts to create a special security arrangement, and have instead exerted pressure on Kiev to ratify Start 1. Lawrence Eagleburger, US secretary of state, has warned of a serious deterioration in bilateral relations if the treaty is not ratified.

A year ago, when Ukraine was a fledgling state on the brink of independence, a complete renunciation of nuclear weapons might have been won in exchange for an earlier and more enthusiastic acceptance of the international community.

Now, after receiving only grudging international recognition and no substantial financial aid, Ukraine has adopted a tougher stance in diplomatic negotiations. Pressure from the US to eliminate its nuclear weapons has antagonised many Ukrainian politicians.

As a result, Mr Clinton, who will be responsible for the next round of disarmament talks, may find the going much harder in Kiev than his predecessor did in Moscow.

Looking back, global changes in political mood seem too obvious to miss. At least two shifts stand out since 1945. The first, in the early 1960s, marked the end of the grey, cautious postwar years and the coming of age of a confident, socially progressive generation. But the high spirits soon fizzled out amid the economic troubles of the 1970s, creating space for the conservative revolution of Margaret Thatcher and Ronald Reagan.

It is tempting to argue that a third shift is now under way. In the US, the election of Mr Bill Clinton has drawn a line under 12 years of conservative presidential rule. Against the odds, Mr John Major has clung on to power in Britain, but his government seems in almost as much disarray as the defeated US Republicans. It seems an age since the late 1980s when a triumphant Mrs Thatcher, promising to go "on and on and on", launched a blitzkrieg of market-oriented reforms, affecting just about all parts of society, from healthcare and education to the law.

The "economic miracles" of the 1980s seem equally distant. In much of the industrialised world, the most obvious legacies of free-market economics are declining real wages and excessive levels of debt. In the UK, a government that once proclaimed the importance of fiscal prudence finds itself running some of the biggest deficits in British history.

In the US, the changes are just as striking. The Reagan/Bush "supply-side" theory that tax cuts would revitalise the economy without creating deficits is discredited. Mr Clinton's "people first" economics, involving large public investments in areas such as education and training, healthcare and infrastructure, is rapidly becoming the new orthodoxy. The affluent are bracing themselves for higher taxes.

It would be too hasty, however, to conclude that the conservative revolution is over. The 1980s appear to have changed attitudes, perhaps for good, in many countries. Asked to cite a viable alternative to free-market capitalism, democratic socialists used to shout "Sweden", which for decades had grown rapidly despite the claims on resources of a large and intrusive state.

But Sweden is now trying to move into the European main stream by curbing welfare spending, cutting tax rates and subjecting the government sector to market disciplines. And if you look beyond the

The conservative revolution could still have further to turn, writes Michael Prowse

Report of its death an exaggeration

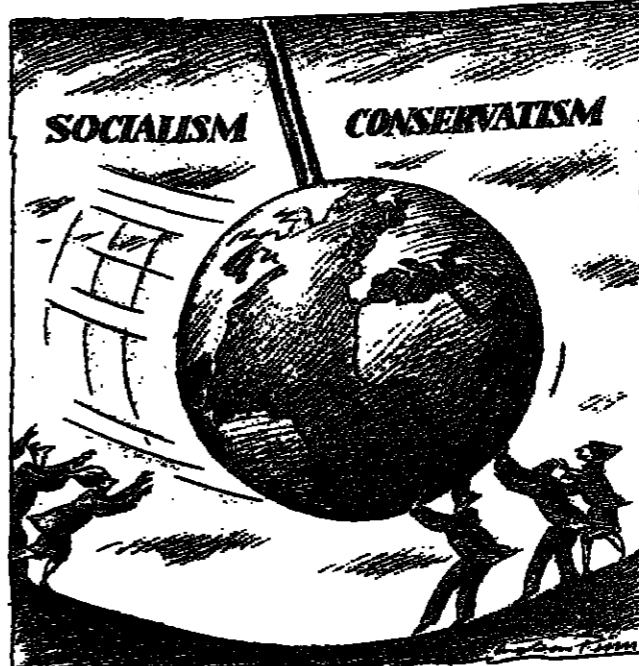
industrialised world, there seems no question that free-market doctrines are gaining ground.

There is a fierce debate about how best to reform the economies of eastern Europe and the former Soviet Union. But the goals are less often questioned: few doubt the importance of establishing a functioning market system in which industry responds to the demands of consumers rather than vice versa. The collapse of state communism, moreover, has helped undermine confidence in large bureaucracies everywhere.

A less celebrated, but nearly as startling, transformation is under way in the third world, where many countries, disillusioned with the socialist-style economic planning introduced after the second world war, are relying more heavily on market-oriented policies. If the economic reforms gathering momentum in China are taken into account, there seems no question that the world as a whole is moving in a free-market direction.

It seems doubtful, moreover, whether the ideological backsliding in rich countries will be maintained. Led by Mr Clinton, the US is likely to fill holes in its social safety net. But the US will be merely catching up with reforms introduced decades ago elsewhere, not blazing a new trail.

Meanwhile, at least two kinds of economic and social change may increase the role of the market. Fears in the 1980s and 1990s that giant monopolistic companies would gradually dominate all areas of economic life seem unfounded. In many sectors - personal computers, for example - rapid technological change appears to favour smaller, more flexible companies. Efficient production, moreover, may no longer require the physical presence of huge numbers of workers. In knowledge-intensive industries, "telecommuting" from home is becoming practicable



for increasing numbers of employees.

Putting these trends together, it seems at least possible that the era of corporate giants offering lifetime employment is drawing to a close. Yet if more people work in small companies or as independent contractors, the proportion of economic activity governed by market transactions, rather than bureaucratic interaction within large organisations, is likely to rise.

Steady growth in per capita incomes may result in higher demand for private social services as people grow increasingly frustrated with the standardised services offered by the state. Indeed, there may be a natural "life cycle" for the public sector. Following industrialisation, the state grows rapidly to provide poor and middle-class families with services - such as education, healthcare and pensions - that they cannot afford to buy privately and which were previously the preserve of a rich elite.

But as a rising proportion of

the population achieves the prosperity once enjoyed by the few, more families become capable of meeting their needs privately. Demand for private education, for example, is likely to continue growing. But a withering of the state as the bulk of the population becomes affluent (by past standards) is not inevitable. It may maintain market share by improving the quality and diversity of its services; and, to the extent that deprivation reflects differences in the relative, rather than absolute, incomes of rich and poor, it will retain a role in reducing inequality.

The sheer youth of the conservative revolution is a further reason for doubting its early demise. The socialist reaction against market capitalism became a powerful political force toward the end of the 19th century. But socialism was not a one or two-decade wonder. The arguments for greater social and economic equality and more extensive government regulation of (and substitution for) free enterprise dominated political debate

throughout the world for the next 70 odd years.

Policies, however, adjusted fairly slowly - and with some setbacks. In Britain, the more radical ideas advocated by Fabian socialists at the turn of the century - such as the need for sweeping nationalisation of industry and very high marginal tax rates - were not implemented until after the second world war. But for many decades the direction of social change did not seem in doubt; after 1945 even bastions of free enterprise, such as the US, imposed top income tax rates of about 90 per cent.

The conservative revolution of the late 1970s could be merely an interruption of this longer-term "socialist" trend. But it seems more likely that a natural limiting point was reached - in western democracies as well as former communist countries. By the late 1970s, a case could be made in most countries that big government and high taxes were beginning to exact a price in terms of diminished personal incentives and reduced industrial efficiency.

The world is thus probably now tacking back erratically to a revised (and socially more responsible) version of the laissez-faire doctrines of the 19th century. Mr Clinton's victory and the major government's descent into fuzzy pragmatism are less inconsistent with these deeper forces. Both leaders are less ideological than their predecessors, but neither is seeking a return to the 1970s; the market-oriented reforms of the 1980s will mostly stand.

The best analogy is perhaps with the 1950s when right-wingers such as Dwight Eisenhower and Winston Churchill had to accommodate themselves to their times; neither tried to reverse social reforms of the 1930s and 1940s.

We are thus still in a conservative era. But the 1990s are a decade of consolidation: people are catching breath after the ideological tumult of the 1980s. Yet if the pace of change in the past century is any guide, the conservative revolution is still in its infancy. Do not be surprised if ideas that seemed to die with the passing of the Reagan/Thatcher era reappear in new - and more outrageous - guises within a few years. We have not, by any means, heard the last from libertarians seeking to "empower" individuals by abolishing higher rates of tax, rolling back the welfare state and purging the economy of wasteful subsidies.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Clinton volunteer youth corps plan an example for the UK

From Ms Elisabeth Hoodless.

Sir, Your report of President-elect Clinton's plan for a nationwide "citizens corps" to the rescue, (January 4) raises the question: why not here too? Britain before us has a more needed youthful energy to tackle community care of the mentally ill and frail elderly; to assist health and social workers, crime prevention officers and youth leaders.

At the same time we are wasting the energy and talents of more than 1m under-25s through mass unemployment, and building an alienated underclass. Also, student debt is so high that many talented teenagers are dropping out or

eschewing higher education.

An initiative which tackles four intractable problems at once deserves urgent consideration. However, our fear is that the compartmentalised shape of government cannot implement a solution to four different departments' problems: community care (Department of Health); youth unemployment (Department of Employment); crime (Home Office); and student debt (Department of Education). Perhaps the First Lord of the Treasury should act?

Elisabeth Hoodless, executive director, CSV, 237 Pentonville Road, London N1 9NJ

BBC should give customers what they want with Radio 4

From P H Ball.

Sir, I have heard that the BBC intends to stop broadcasting Radio 4 on long wave.

There must be thousands of British expatriates like myself for whom Radio 4 is the main cultural link with Britain. To me Radio 4 is simply one of the pleasures of life, and the idea of it being replaced by a continuous news programme seems quite absurd.

We have quite enough of these already, including the BBC's own "648". Radio Europe, and I cannot see anyone wanting to listen to the same items of news being repeated endlessly (except in

times of emergency like the Gulf war, but then schedules can be rearranged anyway).

The BBC is supposed to be a public service which should give its customers what they want, and by all accounts more than 90 per cent of listeners want Radio 4.

I should be grateful if you would use your influence to see that the BBC abandons its plans for an unwanted new service and keeps Radio 4 on long wave. P H Ball, Jan van Scorelpark 58, 1871 EZ Schoorl, The Netherlands

Separation of private and public medicine may be answer in London

From Mr Peter Fisher.

Sir, Peter Draper's views on the Tomlinson report ("Look to consultants for NHS efficiency", January 5) are shared by most of those who have considered its analysis and recommendations in any detail.

The crucial point is that primary care facilities in the capital are desperately in need of upgrading, but this should be done on its own merits and not be dependent on running down the hospital sector.

The views of general practitioners are particularly relevant here as they, with patients, are supposed to be the main beneficiaries of Tomlinson. Their response indicates that they reject the assumption that London is currently overprovided with hospital beds, see the necessary improvement in general practice as needing time as well as a lot of money, and think that by revealing unmet need those improvements may increase rather than reduce the requirement for hospital beds.

The latter part of Dr Draper's article gets on to less familiar ground with his argument that consultants are the key factor in efficiency of hospital bed usage, particularly the amount of time they actually spend on

their NHS commitments. Although this point has not hitherto received a great deal of publicity in the non-medical press, there is no doubt that consultant absence can lead to delay in discharge from both in-patient bed and out-patient clinic.

The Kings Fund report that Greater London consultants earn more from private work than from the NHS is even more startling when it is realised that about half of all consultants are on whole-time contracts and are officially limited to earning not more than 10 per cent of their NHS salary from private medicine. There has been considerable movement in recent years towards blurring the edges between private and NHS.

Perhaps Tomlinson (and Draper) have provided the stimulus to rethink this and consider whether separation, at least in the capital, might not be more appropriate and cost-effective. Peter Fisher, chairman, National Health Service Consultants' Association, Hill House, Great Bourton, Oxfordshire OX17 1QH

No colour blind mice here

From Lady Cortazzi.

Sir, May I add one more item to "20 things you didn't know..." (January 4)?

The field mice seeking comfort in the winter rummage in my recipe drawer in the coun-

try and devour cuttings from The Times but eschew the pink pages of the FT. Long live the pink 'un! Elizabeth Cortazzi, 16 Hamilton Close, London NW8 5QY

Education for mature students too, not just an elite of teenagers

From Mr Alastair Thomson.

Sir, While agreeing with much of your editorial on higher education policy ("University challenge", January 5), some comments seem not to appreciate changes in the student population over the past decade.

The view that higher education is "giving teenagers a first chance to live away from home" ignores the fact that the majority of those enrolling on courses are now classified by the Department of Education

as mature students, over the age of 21, most of whom will have contributed as taxpayers towards the cost of their maintenance.

In addition, the decision to concentrate extra funding on "further education for 16-19-year-olds" fails to note that although most full-time students in further education may be school-leavers, the majority of enrolments in most colleges are from adults following part-time opportunities. The establishment of a

broader system of lifelong learning is envisaged in the National Education and Training Targets, devised by the Confederation of British Industry and endorsed by the TUC and government. Whether or not the FT subscribes to this solution, your readers are not well-served by an assessment of the problems facing further and higher education which sees post-compulsory education as a finishing school for an elite cohort of teenagers. Determining the relative con-

tributions which individuals, employers and the state should make towards meeting the costs of learning is complex enough without concern about a "right to study away from home", which is increasingly irrelevant to adult learners. Alastair Thomson, planning and development officer, National Institute of Adult Continuing Education (England and Wales), 189 De Montfort Street, Leicester LE1 7GE

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Friday January 8 1993

Targeting Saddam

PRESIDENT SADDAM Hussein of Iraq has once again staged a confrontation with the west, by moving anti-aircraft missiles into the no-fly zone imposed by the US, Britain and France in southern Iraq last August. The western allies have responded with the firmness he should by now have learnt to expect. Why does Mr Saddam keep on doing it?

The idea that he is testing the incoming US administration seems implausible, given that it is not yet in office. More probably he calculates that any confrontation with the west, even one that ends in yet another humiliation for him, will rebound to his political advantage. He certainly knows that other Arab states are unhappy about the west's self-imposed role as military protector of certain categories of the Iraqi population, sharing his view that the operation to save the Kurds in 1991, and the no-fly zones subsequently proclaimed in both north and south, go beyond anything authorised by UN Security Council resolutions.

So he may well prefer to focus attention on that issue, at a time when food prices in Baghdad are skyrocketing, when there are rumours of unrest in the armed forces, and when the Kurds in the north have joined Arab opposition forces in exile to form an Iraqi National Congress, with offices in London.

The question western leaders should ask themselves is not whether to respond to Mr Saddam's provocations, for they have

little choice. Rather they should ask whether it is sensible to leave him the initiative. They have justified their intervention in both north and south by reference to Resolution 688, which demanded that Iraq put an end to repression, called for a dialogue "to ensure that the human and political rights of all Iraqi citizens are respected", and insisted on "immediate access by international humanitarian organisations to all those in need of assistance in all parts of Iraq". Manifestly those demands have not been met.

Repression in the south continues, with virtually no access for any international organisations. In the north the Kurds are denied energy and fuel supplies in an exceptionally harsh winter.

The west should take the initiative. It should turn the southern no-fly zone into a safe haven - obliging Mr Saddam to remove not only his anti-aircraft batteries but also his repressive forces, as he has done in the north; and it should strengthen the safe haven in the north by ordering him to remove his troops from Faifa, where they are blocking the main supply route from Turkey into Iraqi Kurdistan.

The longer-term objective must be to make the whole country a "safe haven" by making it impossible for Mr Saddam to continue his repressive regime. If President George Bush will go down in history as the liberator of Kuwait, it is within the grasp of his successor to become the liberator of Iraq.

Dollar dangers

THE US ECONOMY which President-elect Bill Clinton is about to inherit looks radically better than the one Mr George Bush was required to defend last autumn. Mr Clinton can afford a sigh of relief. But only a small sigh. Economic recovery does not mean that America's medium-term economic problems will go away. They mean, instead, that the medium-term will arrive faster than expected.

The US recovery solves one dilemma for Mr Clinton. Proponents of an expansionary fiscal package now look dangerously out of date. Confidence has revived since November's election, economic growth has returned and memories of September's sickly dollar have been erased by its recent strong appreciation in European markets. Even a modest fiscal boost now looks risky, especially as the administration has at last admitted that the federal budget deficit will be much larger than previously thought.

Yet a robust US recovery will quickly lead to deficit problems of a different sort. The revival in US consumer spending, alongside the deepening depressions in Europe and Japan, have already led to a deterioration in the US trade deficit. The short-term outlook does not suggest anything other than more of the same. There is little prospect of a revival in European consumer demand in the next six months while lower European interest rates, when they finally arrive, will push the dollar still higher against America's European competitors.

Labour's future

NOT BEFORE time, British Labour politicians have begun to argue openly among themselves. This is good news. We need the possibility of an alternative government and unless Labour breaks itself into shape, we will not have one. The party has lost four general elections in a row. Its research suggests that it made few converts among wavering Conservatives last year. In spite of the continuing recession and the disarray into which Mr John Major and his cabinet fell, constituency changes will tilt the electoral odds further against Labour before it has another chance to fight. There is little reason to believe that it will not lose again in 1996.

Such a defeat could precipitate a gradual dissolution of the party. Finding a means of avoiding that grim fate is a matter of some urgency. The present debate is between those who demand root-and-branch change - the modernisers - and those who insist on emphasising the party's working-class roots - the traditionalists. The modernisers, led by Mr Gordon Brown and Mr Tony Blair, see merit in learning from President-elect Bill Clinton's victory in the US; the traditionalists, spoken for by Mr John Prescott, reject that. They seek to protect what they call the "heart and soul" of the Labour party, whose nature is defined by its historic links with the trade unions.

The traditionalists' stance has the merit of clarity, but little else. It is no use going back to an electorate with a socialist, or statist,

The likely rise in the US bilateral trade deficit with Japan could turn out to be politically explosive for Mr Clinton. Japanese consumer demand for US imports is likely to remain subdued this year. While the US dollar has barely appreciated from its September low against the yen - the soaring dollar is, in fact, a collapse - the economic fundamentals of competitiveness and trade performance have required a much larger yen appreciation against the dollar than has occurred in recent years.

If Mr Clinton had appointed macroeconomists to senior posts in his administration, they would be explaining to him that America's unbalanced fiscal and monetary policies are largely to blame for the US's unbalanced trade performance. The danger is that his current economic advisers might substitute Japan-bashing protectionism for intellectual rigour.

Yet what the US needs is co-operation with Japan, not confrontation. The best way to achieve a depreciation of the dollar against the yen is through complementary fiscal measures in Washington and Tokyo. A return to US budgetary health, combined with an offsetting reduction in Japan's budget surplus, should help to reduce US long-term interest rates and push up the value of the yen. Only then can Mr Clinton hope to sustain a healthy recovery, suppress his party's protectionist instincts and mollify the fifth of the US electorate who were persuaded by Mr Ross Perot's demands for austerity.

or impossibly egalitarian manifesto if that is repeatedly rejected. That is the central lesson of Mr Clinton's campaign. He sought to convince Reagan Democrats and aspiring middle-class voters that, while he wished to give the poor a hand-up, his was not a party for losers alone. American political methods and ideas cannot easily be transplanted, but that does not mean that there is nothing to be learnt from November's victory. Traditional Labour has become identified in the electorate's mind with the worst-off third of society. Working-class Thatcherites know that Mr Brown and Mr Blair would seek to broaden Labour's appeal among the middle third, where elections are won and lost. Labour will get nowhere unless it convinces itself, and in consequence the voters, that it is eagerly responsive to middle-class concerns. All else is detail. Some new strategies may be proposed by the various committees set up by the party's leader, Mr John Smith. One is studying links with the trade unions; another, "social justice"; a third, electoral reform. The best answers are clear. Labour needs a divorce from the unions. Welfare benefits will have to be means-tested if taxation is to be imposed high. Constitutional reform is an attractive option for Labour. Yet none of this will be on offer unless Mr Smith leads the party in the modernisers' direction, and all of it will be insufficient unless he contrives to win the trust of affluent or would-be affluent voters.

Three years ago, Barbara gave up her full-time teaching job and left London for the south coast where she now juggles three part-time jobs, one with a charity and two in further education. Harry lost his job as finance director of a medium-sized company when it was taken over 18 months ago and now has a semi-permanent consultancy job and a small business.

Barbara and Harry represent the future of employment: part-time, service-sector and knowledge-based work. By the year 2000, 1.2m mainly full-time jobs in UK manufacturing and utilities are expected to go. Over the same period nearly 2m jobs in services will be created, but more than half of them will be part-time - a trend underlined by yesterday's announcement from the Burton Group that 1,000 full-time jobs were being converted into 3,000 part-time ones.

Barbara and Harry may also represent the coming of age of the "portfolio" job - two or three smaller jobs, or projects, which together make up the hours and pay of one "normal" job. Until now the portfolio job has been the preserve of writers and artists at one end of the scale and the fate of low-income, working mothers at the other.

But as white-collar and executive unemployment rises and companies continue to contract out all but their essential "core" jobs, the portfolio is likely to become unavoidable for many and may even be chosen by a minority.

The portfolio job is not going to become the norm, but it will become a growing necessity for people who cannot return to traditional employment and may even appeal to some people with sought-after skills," says Professor Robert Lindley of the Institute for Employment Research. Currently about 1m people in the UK have more than one job.

Even the majority, who continue in traditional full-time jobs will, if they are ambitious, have "multiple careers", spanning an increasing number of employers.

"Until recently it was deemed essential to have at least three significant career changes in one's lifetime in order to secure jobs with good pay, quality training and promotion prospects. Now the threshold has risen to four, with every likelihood of a further increase in this decade," says jobs consultant Professor Amin Rajan of the City University Business School.

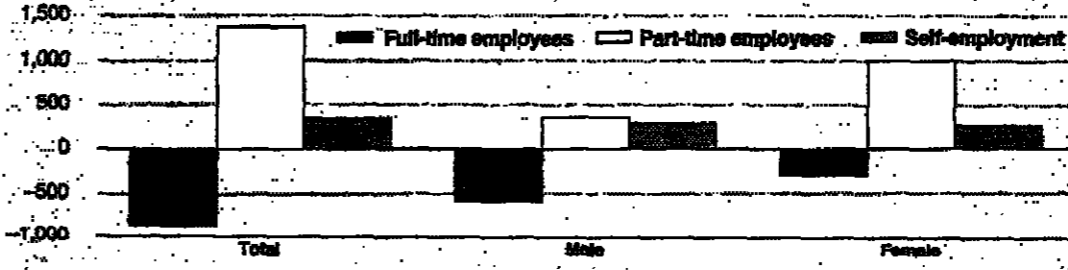
Where will the ambitious, and the less ambitious, find jobs in the next few years? The main source of new part-time jobs will be in the services required by a growing number of elderly people and the continued

Just the job for the future

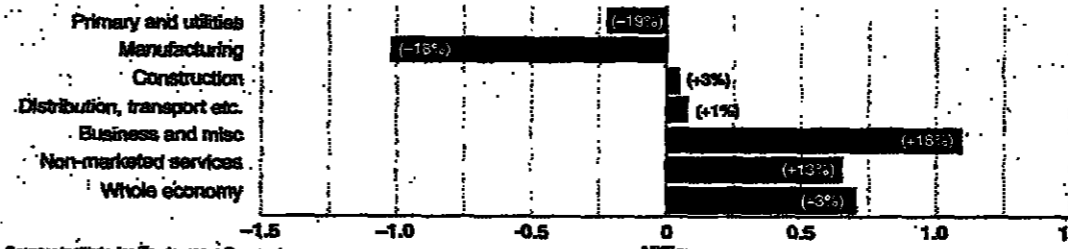
UK employment is increasingly part-time, and based in the expanding service sector, says David Goodhart

Trend to part-time labour

Changes in employment status, 1990-2000



Changes in industrial employment, 1990-2000



growth of the leisure industry, while most of the new full-time jobs will be in business services.

The Institute of Employment Research has calculated that during the 1990s public services, primarily healthcare, will create 676,000 jobs; miscellaneous services, covering sports, theatres and personal services such as childcare will create 650,000; business services, including banking, law, accountancy, software and consultancy, will create 416,000 jobs; and hotels and catering 243,000.

Some occupations, such as software experts, will grow even in sectors that are contracting, like manufacturing, and others will contract even in growing service sectors. According to the latest report of the Institute of Careers Guidance on jobs in the 1990s, about 65 per cent of the routine tasks performed in fast-growing professions such as accountancy, law, medicine, risk assessment and fund management could be automated. So in those sectors there will be growing demand for information technology experts, who will be installing and maintaining computer equipment, and fewer

opportunities for secretaries or clerks, who risk being automated out of existence.

In a breakdown of changes in occupational employment between 1990 and 2000 the institute expects three main groups to shrink and six to grow. The biggest drop, of 14 per cent, is expected in blue-collar, shop-floor jobs. The biggest rise, of

Women are expected to break into higher-status full-time jobs in much larger numbers, stimulating demand for childcare

21 per cent, is found in professional occupations including scientists, health and education professionals, finance specialists, lawyers, tax experts and marketing specialists. But an 11 per cent rise is also predicted for personal and protective services including childcare, security, travel and catering.

The overall conclusion is that

white-collar, service jobs will continue to replace blue-collar, manufacturing jobs. But the new white-collar jobs will be split into two types. On the one hand will be the high value-added jobs in areas such as finance, law, medicine and technology, taken by "knowledge workers" - defined as highly qualified individuals skilled at problem-solving and able to shoulder varied responsibilities. They are now one in three of the workforce, according to Prof Rajan, and by 2000 he expects them to account for two out of every five jobs.

On the other hand are the low value-added, low-skilled jobs in services such as hotels, personal services and dry-cleaning. Overall, those low-skilled jobs will represent a declining proportion of an increasingly skilled workforce. But the growing number of older people will require an increase in both the high and low-skill service jobs - from surgeons to cleaners.

Other trends, such as environmentalism, will stimulate demand for particular specialists, for example in waste management. But where jobs are created also depends

on the relative success of different sectors and companies over the next few years. In the short-term Prof Rajan expects a net loss of 130,000 UK jobs as a result of the cost-cutting prompted by the European Community's single market, but believes that several industries will buck that trend: manufacturing - in chemicals, pharmaceuticals, electrical plant, telecommunications equipment and brewing; and services - in air transport, data processing, banking, insurance, law, accountancy and management consultancy.

In the very short term many sectors set for employment expansion are likely to see some recession-induced cuts. The Manpower Survey of Employment Prospects for the first quarter of 1993 found a net 36 per cent of banking employers expecting to cut staff, worse than any other sector apart from local government. In hotel and catering a net 32 per cent expected staff losses, in community services 20 per cent and in healthcare 9 per cent.

Unemployment, which will soon touch 3m, should start to decline by the mid-1990s. By then the population of working age in the UK will have stopped growing but, owing to an increase in female participation from 65 per cent to 70 per cent, the number of people actually working, or seeking work, will continue rising slightly.

The workforce of the future, therefore, will not only be more part-time, service-sector based, knowledge-driven and elderly, but also be more female, meaning a much faster drop in female unemployment compared with male.

According to the institute, women will take almost all of the jobs created between now and 2000, although many will suffer "downward occupational mobility" when they return to work after child-rearing. Women are also expected to break into higher-status full-time jobs in much larger numbers than now, further stimulating demand for childcare and other forms of personal service. In the legal profession women currently account for 50 per cent of new entrants and in accountancy the figure is 30 per cent.

Almost all observers predict strong growth in self-employment (now about 15 per cent) and in the number of employees working in small and medium-sized companies. More dramatically, Sir John Harvey-Jones, former ICI boss and now company doctor, believes that nearly half of all factories in western Europe will close by 2000 as a result of competitive rationalisation in the wake of the EC's single market and freer world trade. If that is true, the model worker of the late 1990s will be a part-time, female insolvency lawyer.

The private sector that is driving China



PERSONAL VIEW

What type of economic regime prevails in China today? Nobody seems to be quite sure. The language in which the government describes itself, articulates policy and looks to the past and future is that of a communist country. Yet it is obviously not the same kind of system as has come to such a sudden end in the former Soviet Union and eastern Europe. It is not just that it has proved more durable and successful, growing at 8 per cent a year in the 1980s. It has adopted many features of a market economy that used to be thought inconsistent with communism.

In particular, it is in the process of developing a capital market when many economists a generation ago would have argued that a defining characteristic of communism is the absence - indeed the suppression - of a capital market.

In the labour market one finds the same apparent contradictions. A basic tenet of communism was that

no one could sell the product of another man's labour. Yet Chinese farmers in the countryside and private entrepreneurs in the cities are now hiring workers, albeit with state controls on the numbers of labourers an undertaking may hire. As the problem of unemployment emerges with reform of state-owned enterprises, these controls on private employment are increasingly being relaxed.

This is in fact part of the single biggest change in the Chinese economy over the past decade: the rapid growth of small-scale township and village enterprises (TVEs) producing consumer goods both for the domestic market and for export. Whatever the ownership arrangement (nominally collective ownership), their management is almost entirely independent of government. The scale of change is evident in all directions: a meteoric export increase has converted China into a major surplus country in the past decade, with former state monopolies facing growing market competition and declining profit margins.

Between 1979 and 1989 the state had become a much smaller factor in the economy. Its share of total industrial output fell from 77 per cent to 55 per cent. In terms of GDP the state, as distinct from the private and collective sectors, accounted for some 35 per cent of the output of goods and services - just above the government share in several European countries.

Another change is the devolution of control over financial resources from the centre to the provinces, enterprises and, above all, to households, whose savings have increased dramatically. Where central government had formerly to generate forced savings through low wages, price control and compulsory profit remittances in order to finance new infrastructure and heavy industry, now it is unable to balance its budget and has to borrow to cover its deficit.

The state has allowed local governments to retain larger funds without any assurance that they will take over responsibility for meeting the economy's rapidly growing capital requirements, which are increasingly met from household savings that now represent 70 per cent of total savings.

A country that relies on household savings to provide 70 per cent of the finance of new investment is very different from one in which taxation is the source of nearly all new capital accumulation. True, the banks are mostly government-owned and can direct capital in directions officially determined. But they have obligations to depositors who are free to withdraw funds. So there may be hesitancy, as there would be in the west, over converting liquid funds into long-term investments in real assets.

The government has sought to overcome this problem by issuing three to five-year bonds, but this may not meet the requirements of savers who are liable to encounter sudden needs to realise their funds and would welcome a bond market for that purpose. Other savers may be disposed to seek more risky and remunerative investments in the form of shares. And here, too, there is evidence of an eagerness of Chinese savers to participate in a newly developing market.

The increasing use of a market system has been evident in the opening of the economy to trade. At

the end of the 1980s the annual trade surplus was running at US\$8bn and China's foreign exchange reserves had grown by early 1992 to US\$46bn - not far short of its foreign debt of US\$53bn. One of the most autarchic countries in the world changed into one of the most open, with exports as high as 17 per cent of GDP.

China, with a more limited reform agenda than the Commonwealth of Independent States and eastern Europe, has alone among any former or current centrally planned economy successfully transformed a shortage economy into one of excess aggregate supply. In a number of respects, its economic system in its structure and use of markets is much more favourable than that of the CIS and eastern Europe to a successful transition to a full market system - if and when the political decision is made to do so.

Sir Alec Cairncross and Dr Cyril Zhiren Lin

The authors are, respectively, chairman and director of the Centre for Modern Chinese Studies

OBSERVER



"Sorry, we'll have to finish this tomorrow - I'm part-time now"

member at Harvard who, like Dempsey, has done a period at the CAB. Students of the battle for Clinton's economic soul should watch this space.

Over-shallowed

■ Burton shares have been wonderful performers these past three months, but there must be a danger that in the efforts to purge the ancient regime, the new management may be overdoing the boardroom cleansing.

The latest shake-out leaves the average length of service of the executive directors - including the chief executive who has been on the board since 1987 - at under three years. Of the two executives resigning, one had been on the board seven months and the other 18 months.

Contrast this with Marks & Spencer, where the latest annual report puts the average board experience of the 15 executive directors at nearly nine years.

Flood tide

■ How does a small island community of 22,000 people cope with not one but two waves of pollution - the second being the deluge of journalists and other carpet-baggers who've descended on Shetland since the good ship Braer hit the rocks on Tuesday? Surprisingly well, it seems.

Teddy transfer

■ Brussels officials' dreams of monetary and political union won't be any sweeter for the impending loss of their "Teddy Bear" - alias Jürgen Trumpf, Germany's

ambassador to the European Community for the past three years. Having earned the nickname because of his softly-spoken modesty, the 61-year-old is returning home to be state secretary in the Bonn foreign ministry.

While his replacement in Brussels isn't yet named, Trumpf will certainly be a hard man to follow. He was much admired by diplomats for his knowledge and negotiating skills, particularly in the run-up to the Maastricht treaty.

A true believer in European union, he was dismayed by the recent decline in public support for the enterprise. He also fretted about his own country's attitude to the community. Perhaps that's why he once said he could imagine an EC without Germany, but not without France.

Loss leader

■ However much Britain's industrialists may talk about exercising leadership, they've scarcely been at the forefront in accepting pay-restraint. But with public-sector staff limited to rises of 1.5 per cent this year, one high executive may be about to set a spectacular example.

He is Mike Bett who, although earning around £250,000 as deputy chairman of British Telecom, is front-runner to take over the government's Acs conciliation service where he'd be paid only

£20,000 or so. The reason is that, after the departure of current Acs chairman Sir Douglas Smith who's on over £20,000, the post is to be pegged back to a lower civil service rate.

Bett, now 57 and one of the UK's most experienced industrial relations experts, has seen his BT role whittled down by the transfer of duties to other senior executives.

But if he makes the move, the pay-cut should be somewhat compensated for by the knighthood traditionally conferred on the Acs chief - especially if he gets it ahead of BT chairman Iain Vallance.

Cross channel

■ Why are certain staff of TV's Channel 4 referring to its formidable director of programmes as "Birt in A Skirt"?

Although she remains uncharacteristically silent, growing numbers of colleagues believe that new BBC director-general John Birt will announce next week that the former Guardian women's page editor is joining him in a senior role. It could even be, some say, as managing director of broadcasting.

If so, crusty Baron Wyatt of Weoford will no doubt become even crustier. He lately told the House of Lords that "this fearsome lady" of staunch left-wing opinions was not fit to be in charge of any programmes anywhere.

Passive smoking risks spelt out

By Nikki Tait in New York

ABOUT 3,000 US non-smokers die from lung cancer caused by exposure to tobacco fumes each year. "Secondhand" smoking produces 150,000-300,000 cases of bronchitis or pneumonia in children under 18 months each year. Up to 15,000 of those infants end up in hospital.

These are the conclusions of a long-awaited report on "environmental tobacco smoke" (ETS), published yesterday by the Environmental Protection Agency, the US federal agency responsible for air and water quality. It is an incendiary document, guaranteed to fuel arguments about smoking's social dangers, and to raise the possibility of tighter smoking restrictions.

The study has been a long time in the making. A draft version, suggesting that tobacco smoke was a serious carcinogen, was published in June 1990, and drew a fierce response from the tobacco industry. In 1991, an EPA science advisory board sent the report back for better justification of its conclusions. A second review last summer endorsed the risk assessment.

US study says exposure to tobacco fumes is responsible for the deaths of 3,000 non-smokers every year

The conclusions are on both analysis of ETS and its human "uptake". On a review of some 30 statistical studies which have examined the relationship between lung cancer and exposure to secondhand smoke in people who never smoked; and on about 100 studies which looked at the respiratory impact of ETS on children.

Aside from the headline conclusions - that ETS is a human lung carcinogen, responsible for several thousand deaths each year - the EPA has also decided that exposure to ETS increases the risk of asthma for "normal" children, and the severity of symptoms in children prone to asthma.

All this has prompted a sharp counterattack by the tobacco companies. Philip Morris called a press conference at which it reiterated claims that the EPA had not looked at all available studies, and had tweaked some of

the normal statistical yardsticks. "It's an example of adjusting science to fit policy," said Mr Thomas Borelli, director of scientific affairs.

While statisticians and lobbyists battle over the study's merits, a more basic question centres on the practical impact of the EPA's conclusions. Already, rising public awareness of the health risk attached to smoking has caused a steady decline in US cigarette sales. The annual fall in unit sales has been running at approximately 2.3 per cent, while the percentage of the adult population which smokes has declined from over 40 per cent in 1965, to around 25 per cent.

But US anti-smoking activists have not had everything their way. In the law courts, "smokers' suits" - attempting to place liability for lung cancer deaths among smokers at the cigarette companies' doors - have conspicuously failed.

By contrast, the effort to curtail smoking in public areas and the workplace has been increasingly successful. Today, 46 states and the District of Columbia have laws restricting smoking in some public places. Since the late 1980s, a handful of municipalities have also passed ordinances requiring restaurants and/or workplaces to be 100 per cent smoke-free. In 1990, Congress banned smoking on domestic flights. In the same year, New York City outlawed cigarette vending machines, except in bars.

But the key issue now is whether the Occupational Safety and Health Administration, part of the Labour Department and responsible for workplace safety and worker health, feels moved to act on the EPA conclusions. To date, apart from obvious guidelines on smoking where combustible materials are present, it has been silent on ETS.

In September 1991, however, the agency began its own examination of air quality in the workplace, and a public comment period closed last week. The EPA conclusions, it says, will be studied.

Mediators press for Milosevic to attend 'last chance' talks

By Frances Williams in Geneva

MR Cyrus Vance and Lord Owen have called for Serbian president Slobodan Milosevic to attend "last chance" peace talks on Bosnia-Herzegovina, due to resume in Geneva on Sunday.

The two international mediators wrote yesterday to Mr Dobrica Cosic, president of the rump Yugoslavia, suggesting that he "consider" including Mr Milosevic in his delegation to the talks, seen as a final chance to avoid international military intervention in Bosnia.

The Serbian president, a hard-line nationalist, is widely blamed for helping to foment the civil war in Bosnia but has not so far had any formal role in the peace negotiations.

The move follows Mr Milosevic's apparently positive response in Belgrade on Wednesday to proposals for a constitutional settlement for Bosnia based on a decentralised state with 10 autonomous provinces.

Mr Vance and Lord Owen, who co-chair the international conference on ex-Yugoslavia, are hoping he can persuade the Bosnian Serbs to drop their demand for a "state-within-a-state", which they now see as the main obstacle to a settlement and an end to the war.

The first session of negotiations bringing together for the first time the leaders of the three warring factions adjourned on Monday after the Bosnian Serb leader, Mr Radovan Karadzic, said he needed to consult with Belgrade.

The Moslem-led Bosnian government also refused to sign the three documents prepared by the mediators, mainly because it disputes some provincial boundaries, but it is under intense international pressure to settle. The Bosnian Croats have already signed.

In New York yesterday President Alija Izetbegovic of Bosnia-Herzegovina evoked memories of the appeasement of Hitler and compared himself to Czechoslovak president Eduard Benes, whose country was gobbled up by Nazi Germany.

"The atmosphere... existing now reminds me very much of the situation which existed on the eve of the second world war," he said.

Reuter adds from Sarajevo: Serb forces around Sarajevo said they came under heavy attack overnight and early yesterday, the Serb Orthodox Christmas Day. But fighting died down around midday after the fiercest clashes for weeks.



A US marine rests after he and colleagues seized gunmen and an arsenal of tanks and artillery in Mogadishu

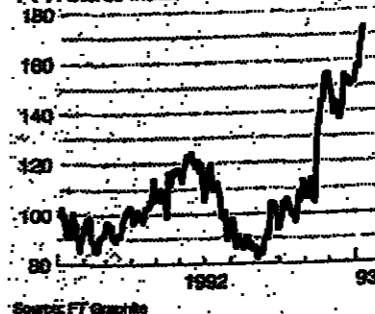
Winning at patience

THE LEX COLUMN

FT-SE Index: 2816.5 (-9.5)

Burton Group

Share price relative to the FT-A Shares Index



Source: FT Computations

It would have been too much to expect the Bundesbank to cut its official rates at yesterday's council meeting. Still, its 15 basis point cut in the money market repurchase rate provides food for thought. Although the domestic economic background is one of unremitting gloom, the Bundesbank is not yet particularly alarmed. It would prefer to delay official rate cuts until money growth, the budget and wages are under better control. One must assume the main impulse for the move came from the foreign exchange market. If this is the case, perhaps the market should take it seriously.

The negative interpretation is that this was the least the Bundesbank could do after France raised short-term money rates by a full 2 points earlier in the week. The Bundesbank has tried similar tricks before only to disappoint later. It still has the awkward task of imposing monetary discipline at home while living up to its ERM responsibilities. Doubtless it would be less inclined to accommodate if D-Mark weakness against the dollar threatened more inflation.

Yet even the most hawkish Bundesbanker would have to admit that the economic situation is likely to require official rate cuts soon, probably indeed before the French elections in March. By paving the ground now, the central bank is not only indicating that the fate of the franc really does matter. It is building anticipation of more cuts to come. On both scores, the wisdom of speculating against the franc has become more questionable. There are hurdles to come. Ireland's position is looking increasingly difficult, and might leave the franc exposed. But assuming the Bundesbank follows through, the balance of probability has swung in favour of France holding its ERM parity intact.

Burton

To many it will be a shock that Burton can have got this far through the recession with 990-odd surplus staff at head office. But at least the management responsible for such excess has gone, and the new chief executive, Mr John Hoerner, has tackled costs decisively. The head office cuts should flow through to profits directly, while the store changes will provide the flexibility to improve service and possibly sales.

Cutting costs is one thing, handling Burton's badly needed strategic change is another. Until recently group companies vied with each other

as much as their high street competitors, and the group has always been less than the sum of its parts. Mr Hoerner may be trying to change that, but Burton has 10 shop brands and thousands of disparate outlets. Fostering corporate co-operation from the high street through distribution to buying and suppliers is a complex task. Such a cultural revolution is hard enough in a simple business: at Burton the odds on success must be long indeed.

That may not stop the shares recovering further. With £1.7bn of sales and minimal profits, any economic growth and cost reductions will have a dramatic effect on earnings. At present the market wants to back that view. But fashion retailing means keeping up with rapidly changing trends, which costs money the company can ill-afford. Mr Hoerner may wish to capitalise on market enthusiasm, and buy the elbow room he needs, with a well-timed rights issue.

British Airways

There are so many cross-winds buffeting British Airways at present that it is difficult to tell where the shares should head. BA's shares have dipped 7 per cent this week. Embarrassing as it is, though, the news about its dirty tricks campaign against Virgin is unlikely to make matters worse for its share price.

More important are its poor passenger figures, especially since BAA, the airport operator, cast further doubt on the outlook yesterday. Unfortunately for BA, the continuing tightness in the market coincides with a significant increase in capacity. Either BA leaves

seats empty, or the airline chops prices to sell those seats. Both ways profits suffer. Such pressures, combined with BA's hectic round of acquisitions and hefty aircraft replacement programmes, must only increase the temptations for a cash call. BA's long-term attractions remain intact. The airline's rigorous cost-cutting campaign and high operational gearing make BA a classic recovery play. Sterling's devaluation will help this year as about 60 per cent of BA's revenues are earned in foreign currencies while the majority of costs are in sterling. BA is also well-placed to benefit from the sporadic liberalisation of international routes. The short-term difficulties are daunting, though. It may be a while before the market peers through the ominous tidings.

UK life assurance

The latest round of bonus cuts on with-profits policies was overdue. Big annual bonuses paid out in the lean years - particularly 1990 - were always difficult to justify. Even allowing for healthy investment returns last year, many life company balance sheets were creaking under the strain. That was bad for new business. A free asset ratio in low single figures - even if above the legal minimum - is hardly an encouragement to independent financial advisers to sell a company's products.

A weak balance sheet equally demands a more cautious investment strategy. That is bad for investment returns. At the time of its much-vaunted switch from equities to bonds in 1991, Norwich Union had a free asset ratio of 5 per cent. The company has since made a £100m profit on the trade. It might legitimately argue that the decision was prompted by virtue as well as necessity. But policyholders would surely prefer their investment managers to have a free hand.

Even so, anyone who bought a with-profits policy last year must find it galling to have their reversionary bonus cut to make up for past mistakes. There could be more bad news to come. Following the latest chop, a 10-year with-profits policy from Norwich Union is expected to yield around 13 per cent after tax. The company expects to earn little more than 12 per cent on investments over the same period - before both tax and expenses. Unless the industry is over-compensating for past optimism, one can only conclude bonuses are on a downward trend.

Virgin Atlantic libel victory expected

By Michael Cassell, Business Correspondent, in London

VIRGIN ATLANTIC, the independent British airline run by Mr Richard Branson, is expected to emerge next week as the victor in its "dirty tricks" libel battle with British Airways.

High Court action is due to begin on Monday but it is understood that, under the terms of an agreement between the two airlines, to be announced in court, BA will pay substantial damages and several million pounds in costs to Virgin Atlantic and Mr Branson.

The settlement is likely to be among the highest yet agreed in

a libel case in Britain. BA is also expected to apologise for any harm inflicted on the reputation of Virgin Atlantic and Mr Branson.

Virgin decided to start legal action last March against BA and Lord King, its chairman, after allegations that BA had run a commercially damaging campaign against it. It was alleged to involve the poisoning of customers and unfounded rumours about the airline's financial health.

BA dismissed the allegations as totally without foundation and Lord King accused Mr Branson of seeking publicity for himself and his airline.

Both airlines yesterday refused to comment on the proceedings, beyond saying that they would be represented in court on Monday.

BA executives are believed to have negotiated a settlement to avoid a potentially long, expensive court case and to limit any damage to its reputation at a time when it is seeking to become a global airline.

The airline is renewing negotiations in an attempt to resurrect its plans to take a stake in USAir, the American carrier, which collapsed last month.

One BA executive yesterday emphasised that BA management had not been aware of any unacceptable tactics against Virgin.

He added: "We underestimated Mr Branson."

BA is not expected to make any statement on Monday beyond that read out in court but Mr Branson is planning to elaborate on details of alleged BA abuse.

He may also seek assurances from BA that similar action is not repeated and might consider pursuing fresh action against BA to compensate for any commercial damage arising from BA's alleged activities.

Virgin is also hoping the outcome will help in its negotiations to secure additional flights to and from Heathrow.

Calls grow for probe into safety of tankers

Continued from Page 1

safety of navigation.

Mr Chris Smith, Labour opposition environmental protection spokesman, described the inquiry - which is to start immediately - as "totally inadequate."

The Braer, which went aground at Garth Ness in Quendale Bay at the southern end of the main Shetland Islands on Tuesday, has not broken up. But bad weather - which is expected for at least two days - forced a sharp reduction in flights to spray chemical dispersants on the oil slick leaking from the tanker.

Deep oil slicks run for about 5 to 6 miles both north and south from the tanker. The slicks are about 50 metres wide and are being pushed up against the shore by the strong westerly winds.

A thin film of oil, described as rainbow sheen, runs for 14 miles on the west side of the island and reaches the entrance of Clift Sound and the south end of Barra island, bringing it within a few miles of salmon farms, one of the sectors of the Shetland economy most threatened by the disaster.

Shetland Islands Council revealed that it had drawn up a contingency plan to evacuate res-

idents from the area close to the wreck if atmospheric pollution were to pose a threat to health, but it said that so far there was no danger to health. It refused to give details of the plan, which could involve moving several hundred people.

By mid-afternoon some 235 dead birds had been found in the area of the disaster since it occurred and 45 live birds had been rescued.

Privately the emergency co-ordination team acknowledged that the pollution so far caused by the Braer could have been much worse. The slick is relatively small, most of the oil is light and

30 per cent of it is thought to be evaporating. Westerly winds are pushing the oil against the coast.

Mr George Sutherland, director of marine operations for Shetland Island Council, said: "If anything is good about this incident it is the wind direction." The wind has been in the west or south west since the wreck.

Lord Cairnes, the shipping minister, who has been in Shetland since Wednesday, said he was worried that exaggerated reports about the disaster would damage the prospects of the Shetland salmon farming and fishing industries, even though they had not been affected.

World Weather		°C °F		°C °F		°C °F		°C °F		°C °F		°C °F		°C °F		°C °F	
		Boulogne	Dr	7	46	Frankfurt	C	8	46	Majorca	S	14	57	Osaka	S	12	54
		Buenos	F	5	41	Geneva	F	5	41	Malaga	S	14	57	Osaka	C	-2	28
		Buenos	F	5	41	Geneva	F	5	41	Malaga	S	14	57	Paris	C	8	46
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INTERNATIONAL COMPANIES AND FINANCE

Hagen leaves Nedlloyd board and cuts stake

By Ronald van de Krol in Amsterdam and Karen Fossli in Oslo

NEDLLOYD, the Dutch transport group, said yesterday that Mr Hagen, the Norwegian investor, had resigned his seat on the company's supervisory board and withdrawn his request for an extraordinary shareholders' meeting to discuss radical changes to the way the board is elected.

Mr Hagen, who was admitted to the board in October after a long battle, also announced that he had sold a 5 per cent stake in Nedlloyd, reducing his holding to less than 10 per cent. He had promised that he would resign his seat as soon as the shareholding fell below 15 per cent, he said.

Akzo, Allied-Signal in European carpet venture

By Ronald van de Krol

AKZO, the Dutch chemicals group, is to transfer a majority stake in its loss-making nylon carpet fibre business to a joint venture which it will form with Allied-Signal of the US. This will give the US company its first production facility in Europe.

The companies gave no financial details but said the joint venture would make investments to modernise Akzo's carpet fibre factory in the Dutch town of Emmen, which will form the heart of the venture. The two partners signed a letter of intent on the deal yesterday and expect to complete it by mid-1993.

Allied-Signal, which is building a polyester carpet fibre factory in northern France, exports \$25m in carpet fibres

form of protection from unwanted takeovers.

However, in a partial recognition of Mr Hagen's self-styled crusade for shareholder rights, Nedlloyd said that "when filling the vacancy that has arisen, special attention will be paid to candidates brought forward by shareholders." It added that "both parties have expressed the wish for a positive relationship".

Mr Hagen is facing more difficult financial conditions. This was underscored yesterday by a statement from Oslobanken, a small Oslo-based bank, that DNO, a company controlled by Mr Hagen, had pledged 53.8 per cent of its shares as security for a loan which the bank provided for Marine Investment, one of his main investment vehicles.

Last month, Mr Hagen was forced to dispose of his DNO subsidiary, DNO Olie, for Nkr235m (\$33.7m), far below his original asking price. The assets were acquired by Saga Petroleum.

Danisco sells engineering unit for Dkr950m

By Hilary Barnes in Copenhagen

DANISCO, the big distilling, sugar and food processing group, has sold Niro, an engineering subsidiary, to Germany's GEA for Dkr950m (\$150.5m) cash.

Niro is a leading company in the manufacture of spray-drying equipment for the food and other industries.

It has a workforce of about 2,200 worldwide.

Turnover last year was Dkr2.35bn, and pre-tax earnings were Dkr141m.

The sale of Niro to a German company means that both Denmark's spray-drying manufacturers will be under foreign control. The other, Anhydros, is a subsidiary of the UK-based APV.

Danisco said it was selling Niro, which it has controlled since 1976, because the engineering company did not fit the group's focus on food-related businesses.

GEA is an engineering group with turnover of about Dkr8bn and 10,000 employees. One of its business areas is food and process engineering, but not related to Niro's area, said Danisco.

Danisco also announced yesterday a strategic alliance between its seeds business, Maribo Seeds, and Switzerland's Sandoz Seeds for research and development on sugar beet.

DSM warns of further job cuts

DSM, the Dutch chemicals group, is to seek an additional 300 to 1,000 job cuts in 1993 as part of its continuing cost-cutting and reorganisation drive, writes Ronald van de Krol.

The company, which has reduced its workforce by nearly 2,000 to around 23,000 in recent months, said that some of the fresh job losses might involve compulsory redundancies unless the unions agreed to proposals on early retirement and outplacement schemes.

Eastern fledglings seek western partners

ALKAN, the Bulgarian airline, this week added its name to the growing list of eastern European carriers that are queuing to find western partners. The country's privatisation agency said that S.G. Warburg, the UK merchant bank, had been appointed to help find one or more "strategic partners" as part of a privatisation plan.

The Bulgarian move follows similar deals elsewhere in eastern Europe. Last month, Malev, the Hungarian flag carrier, made \$7m by selling 35 per cent of its shares to Italian investors led by Alitalia, the state airline. Earlier in 1992, an Air France-led consortium paid \$60m for 40 per cent of CSA, the airline of the Czech and Slovak republics.

Airlines such as Malev, CSA and LOT of Poland need to modernise fast. Noise restrictions at many western airports are limiting opportunities for fleets still dominated by ageing Soviet-built jets. Compared with their last-generation western rivals, the ageing aircraft also guzzle prodigious amounts of fuel.

East European carriers lack the resources to replace their fleets overnight. Some have acquired, on lease, a handful of new aircraft for their most important European or intercontinental routes. But so far, such aircraft form only a fraction of their fleets.

"As far as western European traffic is concerned, we have to modernise and buy western aircraft," says Mr Andras Pakay, Malev's chief executive. "The market demands that."

Linking with a western partner provides not just cash for the airline - as in the Malev deal - or the government, but technical and commercial know-how too. A year after its deal with Air France, CSA's advertising has been upgraded, and the arrival of two French chefs "didn't do any harm". Above all, the company's commercial

team gained "a new lease of life" following the transaction, he believes. Most east European airlines fear their domestic markets are too small to support the kind of growth they envisage. And with the airline business gradually moving towards bigger, "global" carriers, many east European executives fear their companies will be sidelined. Selling a stake to a western partner can provide cash and expertise without sacrificing independence, but so far, only Malev and CSA have succeeded.

Balkan hopes to sell up to 49 per cent of its stock to foreigners, while letting its employees take up to 20 per cent at discounted prices. The government would keep at least 40 per cent in order

to guarantee the company's independence. "A key element of our strategy is to enter a strategic alliance with an airline partner," says Mr Kostadin Botev, Balkan's managing director. "We are attracted by our route network and low labour cost base."

But making a match is not easy, even for an airline like Malev with a relatively good reputation and consistent profits over the past four years. Malev's productivity, at \$66,000 operating revenue per employee, is 50 per cent above the average for eastern Europe's five flag-carriers: net earnings last year amounted to \$28m on sales of \$315m.

Credit Suisse First Boston, the adviser to the Hungarian government, had to tout Malev widely before securing a partner. Alitalia, Lufthansa of Germany, KLM Royal Dutch Airlines and British Airways all showed interest, although BA and KLM quickly dropped out. That left Alitalia and Luft-

hansa. Although the latter seemed the obvious choice, given the strong commercial and cultural links between Bonn and Budapest, Alitalia's cash offer easily beat the \$65m put forward by the Germans, of which just \$10m was in cash and the remainder in know-how and equipment.

The terms from Lufthansa, which faces an estimated DM600m (\$377.3m) loss for 1992, and the other airlines' decisions to pull out shows how the recession has complicated matters for the east Europeans. Alitalia's managing director, Mr Giovanni Bisignani, says any airline carrying less than 25m passengers a year - what he calls the "critical mass" - will have to look for

systems and ticket sales, and an agreement on routes and servicing, but are not rushing to sell equity, in spite of the burden of 600bn zloty (\$38.1m) in unpaid taxes and a 240bn zloty debt to Warsaw's Okecie airport.

"LOT is the most attractive of the remaining east European airlines without partners," says one banker. With Lufthansa probably ruled out on political and historical grounds, and British Airways already committed to ventures in Moscow and Berlin, partnership with the Poles could appeal to a regional carrier such as Scandinavia's SAS, which has so far been disappointed in its plans to build alliances, he reckons.

Confidence among some east European carriers has been boosted by the arrival of new western aircraft, which have helped to redress some of the competitive balance with west European rivals and let them into profitable export markets. LOT, which has used its Boeing 767s to develop US and Canadian routes, would like to establish regular flights to Australia to tap the ethnic Polish market there. Malev has similar ambitions for its two new Boeing 767s. Balkan, which has substantial business taking tourists to Black Sea resorts, already operates some 737s, 767s and Airbus A320s.

Both Malev and LOT - which moved into profit in July and is managing to cover its operating costs as well as interest charges on the \$200m borrowed to acquire the 767s - have also been bolstered by more commercially-minded and realistic managements. Malev's Mr Pakay, for example, has dropped his predecessor's high ambitions to develop the company into the centrepiece of a three-way global alliance with big US and far eastern carriers. Likewise, LOT's improvement has been aided by more down-to-earth aims. Ambitions to create a wider international network have been scaled down in favour of closer regional links with former Soviet states such as Belarus or Ukraine.

The former Communist-run airlines of eastern Europe need to modernise their ageing fleets fast, but most of them lack resources, write Christopher Bobinski, Nicholas Denton and Haig Simonian

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Ahold reports turnover in US up 12.9% to \$6.3bn

By Ronald van de Krol

AHOLD, the Dutch-based supermarket group which owns four big US grocery store chains, said 1992 turnover rose by 7.3 per cent to \$6.3bn (\$12.3bn), with US turnover growth outstripping the gain posted in the Netherlands.

The US, which generally accounts for roughly half of group sales, saw a 12.9 per cent turnover rise to \$6.3bn. Of this increase, 7.2 per cent was due to the fact that New York-

based Tops Markets had been consolidated for only 38 weeks in 1991 compared with a full 53 weeks in 1992.

Dutch turnover was up 9.1 per cent at \$11.2bn.

Ahold, which is due to publish 1992 profits on March 18, said overall turnover would have been 3.7 percentage points higher if it had not been for the dollar's decline. Partly compensating for this was the 53-week financial year, which flattened sales figures by around 2 percentage points.

SKr10bn state guarantees for Gota

By Christopher Brown-Humes in Stockholm

THE SWEDISH government yesterday said it would provide SKr10bn (\$1.7bn) in guarantees to the troubled Gota Bank to cover part of the bank's anticipated credit losses in 1992 and 1993.

It said it was making the move because Gota, Sweden's fourth-largest bank, needed new support immediately to continue operating.

The bank would otherwise have fallen well below the 8 per cent minimum interna-

tional capital adequacy requirement.

The guarantee is a temporary measure until the state has been able to complete an orderly reconstruction of the bank. This reconstruction has been facilitated following the state's acquisition of Gota Bank's shares last month after Skandinaviska Enskilda Banken, which acquired them as collateral against a loan to the bank's collapsed holding group Gota AB, decided they were worthless.

Gota Bank estimated last September that credit losses

for the whole of 1992 would amount to some SKr8bn, although it is believed there has been a further deterioration in its position since. One estimate suggests the bank's total 1992 credit losses may amount to SKr10bn-SKr12bn.

As a result of the guarantee, Gota Bank's capital adequacy ratio amounts to some 8 per cent. Last month the state was compelled to provide further support for Nordbanken as part of its continuing efforts to prop up Sweden's ailing financial system.

NEW ISSUE

This announcement appears as a matter of record only.

January, 1993



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In accordance with the provisions of the Notes, notice is hereby given that, for the six month period, 8th January, 1993 to 8th July, 1993, the Notes will bear interest at the rate of 3 3/4 per cent. per annum. Coupon No. 14 will therefore be payable on 8th July, 1993 at U.S.\$4,713.54 per coupon from Notes of U.S.\$250,000 nominal and U.S.\$188.54 per coupon from Notes of U.S.\$10,000 nominal.

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Notice is hereby given that for the Interest Period from January 8, 1993 to July 8, 1993 the Notes will carry an interest rate of 3.875% per annum. The amount of interest payable on July 8, 1993 will be Yen 197,969 per Yen 10,000,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A.

London, Principal Paying Agent

January 8, 1993



ABBEY NATIONAL TREASURY SERVICES PLC

(FORMERLY ABBEY NATIONAL BUILDING SOCIETY)

\$42,000,000 AMORTISING SUBORDINATED FLOATING RATE SERIAL NOTES DUE 1997

In accordance with the provisions of the Notes, notice is hereby given as follows:

- * Interest period: January 5th, 1993 to April 5th, 1993
- * Interest payment date: April 5th, 1993
- * Interest rate: 7.73438% per annum (including the margin)
- * Coupon amount: £19,071.07 per Note of £1,000,000

Agent Bank



Carrefour

SALES, TAXES INCLUDED AS OF DECEMBER 31, 1992

	Dec 1992 (in FF millions)	% Dec 92/ Dec 91	12 months ended Dec 31, 1992 (in FF millions)	% cumulated Dec 92/ Dec 91
GROUP SALES	18,066	7.9	131,800	16.3
FRANCE	10,739*	1.1*	60,501	15.6

(*) Sales provided by 118 stores compared to 133 in 1991 due to the disposal of some Mouton and Fournier stores.



On December 3, Pryor opened its fortieth store in Barcelona near Madrid.

The Financial Times will be publishing its first ever survey on the UKRAINE on 27th January 1993. The Survey will be distributed in 160 countries worldwide. If you wish to advertise in this special feature please contact: Patricia Surridge in London. Tel. (071) 873-3426, Fax. (071) 873-3428 or Nina Golovatenko in Moscow, Tel. (095) 243 19 57, Fax. (095) 251 24 57

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

مكتبة الأصيل

US retailers post strong advance over Christmas

By Nikki Tait in New York

MOST leading US retailers sounded a cheery note yesterday as they reported the best Christmas period sales for several years. Improvements were particularly noticeable among leading department stores, and many said results had come in above their expectations.

Federated Department Stores, which takes in chains such as Bloomingdale's, Abraham & Straus and The Bon Marche, reported a same-store sales increase of about 10 per cent in December. "December sales were the strongest we've seen in several years," noted Mr Allen Questrom, chairman. He added the company was encouraged about 1993 although it expected some cooling-off in levels of consumer activity in the first quarter.

J.C. Penney, based in Texas, saw a 9.1 per cent advance in same-store sales, with strong gains in the women's, men's, children's and home merchandise divisions.

At May Department Stores, December same-store sales were up by 8.4 per cent, and at Dayton Hudson 9.5 per cent. Many analysts had forecast

same-store sales improvements for the department store sector of 4 per cent to 7 per cent.

In the discount sector, Wal-Mart, the nation's top-selling store chain, saw a 27 per cent rise in total sales during December, to \$5.86bn, and an increase from comparable stores of 10 per cent. This means the group's like-for-like sales in the first 11 months of the financial year were running at 11 per cent.

K mart, Wal-Mart's rival in the discount sector, saw a smaller 2.5 per cent gain in like-for-like general merchandise sales, and a 2.2 per cent improvement from its specialty chains. It predicted record after-tax profits for 1992 - exceeding the \$659m seen in 1991 - but said earnings per share would probably be static at around \$2.02.

Woolworth fared poorly, posting only a 1 per cent improvement in domestic same-store sales in December.

Sears, Roebuck - whose retail operations have been the focus of much shareholder disquiet - ended 1992 in much-improved form, posting an 8.2 per cent advance in same-store sales for the month.

Philip Morris expects 20% gain for 1992

By Nikki Tait in New York

PHILIP Morris, the US tobacco and food company, yesterday told analysts that it expected to report a 20 per cent increase in earnings per share for 1992, when its unveils year-end results.

Mr Hans Storr, the chief financial officer, said the earnings figure would stand at about \$5.45 a share. He added that recent retail sales trends for Marlboro had been encouraging, and noted the recent narrowing of price differences between discount and premium brands.

When Philip Morris reported third-quarter figures, it disclosed the domestic cigarette shipments had fallen slightly in the three-month period, and predicted a larger dip in the final quarter.

This reinforced worries on Wall Street that the growing discount cigarette sector was proving a threat to premium brands, which include Morris's profitable Marlboro.

This week's furore over a report from the US Environmental Protection Agency on the dangers of passive smoking, has hit Philip Morris shares, but yesterday's profit forecast seemed to reassure the stock market. The tobacco company's stock added \$1.70 to \$73.4, in early trading.

closed the domestic cigarette shipments had fallen slightly in the three-month period, and predicted a larger dip in the final quarter.

This reinforced worries on Wall Street that the growing discount cigarette sector was proving a threat to premium brands, which include Morris's profitable Marlboro.

This week's furore over a report from the US Environmental Protection Agency on the dangers of passive smoking, has hit Philip Morris shares, but yesterday's profit forecast seemed to reassure the stock market. The tobacco company's stock added \$1.70 to \$73.4, in early trading.

Time Warner issues \$1bn debenture

By Alan Friedman in New York

TIME WARNER, the leading US media and entertainment company, yesterday launched a \$1bn debenture offer designed to reduce the burden of the group's outstanding \$5.5bn of preferred stock.

The \$1bn offer is part of Time Warner's effort to work through its heavy debt load, a result of the company's formation following the merger agreement in 1989 between Time and Warner.

The company, which last year made strides toward rescheduling its bank debt, recently indicated it may sell up to \$3bn of assets over the next two or three years as part of the move to strengthen its balance sheet.

Net proceeds of the debenture issue, which mature in 2013 and carry a coupon of 9.125 per cent, would be used to repurchase or redeem preferred stock.

The preferred stock, which in 1991 cost Time Warner \$75m in dividend payments, was issued as a result of the merger agreement between Time and Warner. The dividends have plunged Time Warner into a bottom-line loss in spite of strong operating earnings from its music, film, publishing and cable television divisions.

In the first nine months of 1992 it made \$926m of operating income, but its debt servicing reduced net profits to just \$18m and its loss after payment dividends on preferred stock was \$449m.

The offer, scheduled to close on January 19, is being underwritten by Merrill Lynch, BT Securities Corporation and JP Morgan Securities.

Correction Peter Chernin

Mr Peter Chernin moved from Fox Entertainment to replace Mr Joe Roth as head of the 20th Century Fox. He did not leave the Fox group, as stated in our earlier edition of the FT on January 6.

Another trial for Bank Bumiputra

Kieran Cooke on the Malaysian bank's attempts to still old ghosts

DR Mahathir Mohamad, Malaysia's prime minister, has earned many plaudits for his government's privatisation programme.

Lumbering state behemoths, like the telecommunications and electricity utilities, have been transformed into efficient, market-orientated enterprises, and the Kuala Lumpur stock exchange has grown into the biggest in south-east Asia by market capitalisation.

But an exception to this privatisation success story is Bank Bumiputra, Malaysia's second-biggest financial institution, with assets of M\$55bn (US\$14bn). One of the country's largest state enterprises, it is also one of the most troubled.

The bank recently announced a 73 per cent fall in net profits to M\$22.7m for the year to March 31 1992. Twice in the past 10 years the state has had to rescue it. Although Bank Bumiputra insists its finances are sound, another government bail-out has not been ruled out.

A new management team has been appointed, while talk two years ago of a listing has been quietly forgotten.

The recent appearance in a Hong Kong court of a rather frail, tired-looking 61-year-old man has re-focused attention on the bank's affairs.

Mr Lorrain Osman, a Malaysian citizen and former chairman of Bumiputra Malaysia Finance (BMF), a subsidiary of Bank Bumiputra, is facing 99 fraud and corruption charges relating to US\$300m in loans made by BMF to the Hong Kong-based Carrian Group in the 1970s and early 1980s.

The BMF/Carrian affair shook the financial fabric of Hong Kong and ranks as Malaysia's biggest banking disaster. Bank Bumiputra continues to be haunted by the events of 10 years ago.

The Osman trial, when it finally occurs, will be watched with interest in Malaysia. He was arrested in London in 1985 but extradited to Hong Kong only late last year. He has insisted he was the victim of a cover-up at the highest levels of the Malaysian government.

Opposition politicians in Malaysia say Bank Bumiputra, now owned by the Ministry of Finance, is still used as a cash cow by leading government figures, particularly those associated with Dr Mahathir's United Malays National Organisation (Umno), the dominant political party.

Bumiputra, a Malay word meaning "son of the soil", refers to the country's majority Malay population. Wary of the economic power of the country's minority Chinese community, the Malay-dominated government set up Bank Bumiputra in 1965 "to remedy the lack of capital among the Bumiputras... to encourage them to undertake new enterprises to accelerate development and increase the wealth of the country".

The main question in the BMF/Carrian affair is how a bank set up to aid the Malay community came to lend so much, so fast, to Hong Kong-based Chinese speculators.

Carrian Holdings, a previously unknown group, shot to prominence with a series of multi-million dollar deals during a Hong Kong property boom of the early 1980s. Mr George Tan, Carrian's enigmatic chairman, seemed to have money to burn.

BMF was one of Carrian's main backers. When the Hong Kong property bubble burst in 1982, Carrian could not pay debts of more than US\$1bn. Many banks were burned. So were thousands of investors. In 1983, Mr Tan was arrested on corruption charges.



Lorrain Osman: Extradited on fraud charges to Hong Kong

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In 1985, a Malaysian government report said BMF executives had entered into an intricate series of deals with Mr Tan.

The report hinted at high-level Malaysian official backing for some of the loans to Carrian. Warnings by the Malaysian central bank about BMF's lending policies were apparently ignored. "There might not have been Carrian without Bumiputra Malaysia

Finance," said the report.

At least one murder has been linked to the affair. In 1983, an auditor sent from Kuala Lumpur to investigate BMF was found strangled in Hong Kong. The next year, a lawyer who had dealt with various Carrian companies was found in a Hong Kong swimming pool with a concrete manhole cover tied round his neck.

When Carrian collapsed, BMF had accumulated loan losses of M\$2.25bn. These losses were passed on to Bank Bumiputra. In 1984, Petronas, the Malaysian state oil company, was pressured into rescuing the bank by taking a 90 per cent stake for M\$2.5bn. In 1989, Petronas had to make another M\$932m cash injection after loan losses on the Malaysian property market.

In early 1991, Petronas sold Bank Bumiputra to the Finance Ministry for an undisclosed sum. Bankers in Malaysia, including some who had worked with Bank Bumiputra, say it continues to be dogged by a number of shaky loans, some made many years ago.

Bankers also feel that a fresh start cannot be made until the events of 10 years ago are explained. Bank Bumiputra still faces a court case in the US in which it accused of conspiring to defraud Carrian creditors and minority shareholders - a charge it denies.

In this case Mr Osman, who at one stage served as an economic adviser to the Malaysian prime minister, should supply some answers to the tangled affairs of Bank Bumiputra and spark some interesting political recriminations.

IBM sees record sales of PS/1

By Louise Kehoe in San Francisco

INTERNATIONAL Business Machines, which is expected to report the largest corporate losses in history for 1992, sounded a happier note at the consumer electronics show in Las Vegas yesterday. It revealed it had attained record sales of its PS/1 consumer personal computers.

"We have just completed our best quarter ever, selling more

than six times the number of PS/1s than we did in the fourth quarter of 1991," said Mr Jim Keenan, director of consumer brands and retail channels, at IBM Personal Computer, the new business unit.

Mr Jack Kuehler, IBM president, demonstrated prototype products and services that apply computer power to consumer entertainment.

In a joint venture with Blockbuster Entertainment, IBM has developed a digital

video and audio delivery system for record stores. The system provides consumers with a virtually unlimited selection of music and video titles which can be electronically downloaded to the store where a compact disk or cassette recording can be produced.

Gray Research, the leading manufacturer of supercomputers, said it would report a loss for 1992 because the acceptance of one of its large systems had been delayed.

Final approval for Continental deal

By Nikki Tait

THE US Department of Transportation yesterday finally approved the investment in Continental Airlines, which is in bankruptcy, by Air Canada and Air Partners.

The deal gives Air Canada 27.5 per cent of the equity and 25 per cent of voting rights. Air Partners, a Texan partnership, gets a similar equity interest but 41 per cent of the votes.

Ford drives Honda out of US top spot

By Martin Dickson in New York and Kevin Done in Detroit

FORD Motor claimed a symbolic victory over Japan when its Taurus mid-sized car narrowly beat the Honda Accord to be the top-selling car in the US in 1992. The Accord has held the number one position since 1989.

Ford's recapture of the top spot will be taken as a further sign of the renewed competitiveness of the US motor industry against Japanese rivals, which was indicated yesterday by 1992 sales figures for the US vehicle industry as a whole.

Japanese manufacturers saw their share of the US car market dip to 30 per cent, from 31 per cent, the first reversal in several years.

Ford's car market share rose to 21.6 per cent from 19.9 per cent but stilling General Motors dipped to 34.5 per cent from 36.4 per cent and Chrysler was lower at 8.3 per cent, compared with 8.5 per cent.

In the combined car and light truck market, the Japanese share dipped to 24 per cent from 26 per cent due to some strong US products and tariff barriers.

The Ford Taurus, relaunched in the autumn of 1991 sold 498,751 units, up from 299,700, while the Honda Accord dipped to 393,477 from 399,297.

However, Ford's victory was only achieved by offering big discounts and cheap lease finance to customers. The drive began in August and reached a peak last month as the company scrambled to close the gap with Honda, offering even more lavish incentives, including rebates to dealers willing to put additional Tauruses into their demonstration fleets.

Honda replied with cheap financial packages of its own. Ford was helped by its far greater number of dealer outlets across the US - some 4,300 to Honda's 1,000 - and while Honda's sales go mainly to retail customers, a large proportion of Tauruses go to fleet buyers, such as rental companies.

DIVIDEND NOTICE TO THE HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS FOR COMMON STOCK OF TOSHIBA CORPORATION (FORMERLY TOKYO SHIBAURA ELECTRIC COMPANY) DESIGNATED COUPON NO. 88 (ACTION REQUIRED ON OR PRIOR TO APRIL 30, 1993)**

Chemical Bank, as Depositary (the "Depositary") under the Deposit Agreement dated as of February 15th 1970 among Tokyo Shibaure Electric Company Limited (the "Company"), the Depositary and the holders of European Depositary Receipts (the "Receipts") issued thereunder in respect of shares of Common Stock, par value 50 Yen per share, of the Company (the "Common Stock"), HEREBY GIVES NOTICE of a dividend of 5 Yen per share of Common Stock.

The Dividend on the shares of Common Stock on record of Deposit with the Custodian under such Deposit Agreement, less a portion thereof withheld by the Company on account of Japanese taxes, has been received by the Custodian as agent for the Depositary, and, pursuant to the provisions of such Deposit Agreement, has been converted into United States Dollars at the rate of 124.00 Yen per United States Dollar.

The Depositary has been advised by the Company that Japan is a party to international agreements with Australia, Belgium, Canada, Denmark, France, The Federal Republic of Germany, Malaysia, New Zealand, Norway, Sweden, Switzerland, the United Arab Republic, the United Kingdom and the United States of America under which certain persons are entitled to 15% tax withholding rate on dividends such as the dividend in question. The persons so entitled include residents of such countries and companies organized thereunder meeting certain conditions relating to the carrying on of trade or business in Japan. Persons not so entitled to a 15% tax withholding will be paid a dividend on which a 30% tax withholding rate has been applied.

To determine entitlement to the lesser tax withholding rate of 15% it is necessary that the surrender of Coupon No. 88 be accompanied by a properly completed and signed certificate (copies of the form which are obtainable at the office of the Depositary in London or any Depositary's Agent) as to the residence and trade or business activities in Japan (if applicable) of the holder of Coupon No. 88. Such certificates may be forwarded by the Depositary to the Company upon its request.

Payment in United States Dollars of the amount of the dividend payable will be made at the office of the Depositary in London or at the office of any Depositary's Agent listed below upon surrender of Coupon No. 88.

NAME	ADDRESS
Chemical Bank	Frankfurt, Germany
The Bank of Tokyo Limited	London, England
The Bank of Tokyo Limited	Paris, France
The Bank of Tokyo Limited	Brussels, Belgium
Pierson, Heikwang & Pierson	Frankfurt, Germany
Banco Nazionale del Lavoro	Amsterdam, The Netherlands
Kreditbank S.A. Luxembourg	Rome, Italy
	Milan, Italy
	Luxembourg

The following table sets forth the amounts payable upon presentation of Coupon No. 88 from the various denominations of Receipts.

Coupon No. 88 Detached from the Receipts in the Denomination of:	Dividend Payable (Less 15% Japanese withholding tax)	Dividend Payable (Less 30% Japanese withholding tax)
1 Depositary Share	\$1.71	\$1.61
10 Depositary Shares	\$17.13	\$16.13
20 Depositary Shares	\$34.27	\$32.25
50 Depositary Shares	\$85.69	\$80.65
100 Depositary Shares	\$171.37	\$161.29

Payment in United States Dollars in respect of Coupon No. 88 will be made by United States Dollar check drawn on, or transfer to a United States Dollar account maintained by the pages with a bank in New York City.

Date: January 8, 1993 Chemical Bank, as Depositary, 180 Strand, London, WC2R 1EX, England.

*September 30, 1992 has been established as the record date for the determination of the stockholders of the Company entitled to such dividend. All receipts issued in respect of Common Stock not entitled to share in such dividend will be without Coupon No. 88 attached.

**Certain holders of Receipts may be entitled upon the fulfillment of certain conditions to reductions in the withholding tax rate applicable to them. The Depositary will, in its discretion not unduly burdensome and upon payment of all expenses incurred in connection therewith, take such action as it deems appropriate in the circumstances to assist such holders in availing themselves of such reductions.

Because of Japanese tax requirements applicable to the Company, the Custodian has been asked to remit to the Company, shortly after 30 April 1993 the excess received by the Custodian over 80% of the dividend payable and allocable to unsurrendered Coupon No. 88.

As a result, persons surrendering Coupon No. 88 after each date will be entitled to receive from the Depositary or any Depositary's Agent a dividend on which a 20% tax withholding rate has been applied and, if entitled to a 15% tax withholding, will be required (in order to realize such entitlement) to make application to the Company for an additional 5% Such application may, consistently with the foregoing paragraph, be made through the Depositary.

CHEMICAL BANK
As Depositary

Prices for electricity determined for the purpose of the electricity market and the electricity market.

Period	Price	Price	Price
1st hour	18.02	18.10	18.10
2nd hour	18.02	18.10	18.10
3rd hour	18.02	18.10	18.10
4th hour	18.02	18.10	18.10
5th hour	18.02	18.10	18.10
6th hour	18.02	18.10	18.10
7th hour	18.02	18.10	18.10
8th hour	18.02	18.10	18.10
9th hour	18.02	18.10	18.10
10th hour	18.02	18.10	18.10
11th hour	18.02	18.10	18.10
12th hour	18.02	18.10	18.10
13th hour	18.02	18.10	18.10
14th hour	18.02	18.10	18.10
15th hour	18.02	18.10	18.10
16th hour	18.02	18.10	18.10
17th hour	18.02	18.10	18.10
18th hour	18.02	18.10	18.10
19th hour	18.02	18.10	18.10
20th hour	18.02	18.10	18.10
21st hour	18.02	18.10	18.10
22nd hour	18.02	18.10	18.10
23rd hour	18.02	18.10	18.10
24th hour	18.02	18.10	18.10

BankAmerica Corporation
(Incorporated in the State of Delaware)

U.S.\$400,000,000 Floating Rate Subordinated Capital Notes Due 1997

Holders of Notes of the above issue are hereby notified that for the period from 11th January, 1993 to 9th February, 1993 the following will apply:

- Interest Payment Date: 9th March, 1993.
- Rate of Interest for Sub-period: 5% per annum.
- Interest Amount payable for Sub-period: US\$20,000,000 per US\$50,000 nominal.
- Accumulated Interest Amount payable: US\$430.56 per US\$50,000 nominal.
- Next Interest Sub-period will be from 9th February, 1993 to 9th March, 1993.

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INTERNATIONAL CAPITAL MARKETS

Bundesbank decision to ease repo rate provides limited relief

By Sara Webb in London and Patrick Harverson in New York

THE BUNDESBANK'S decision to ease its repo rate, a key money market interest rate, while leaving Germany's official discount rate and Lombard rate unchanged, provided some relief for Europe's government bond markets yesterday and prompted interest rate cuts in the Netherlands and Belgium.

However, while bond market analysts said the 15 basis point cut in the repo rate to 8.6 per cent could help to reduce some of the tensions within the European exchange rate mechanism, some market participants were disappointed at the small size of the Bundesbank easing and at the decision to leave the official discount rate and Lombard rate unchanged at 8.25 per cent and 9.5 per cent respectively.

FT FIXED INTEREST INDICES									
	Jan 7	Jan 8	Jan 9	Jan 10	Jan 11	Jan 12	Jan 13	Jan 14	Jan 15
Govt 100	109.59	109.57	109.53	109.51	109.51	109.51	109.51	109.51	109.51
Govt 100	109.59	109.57	109.53	109.51	109.51	109.51	109.51	109.51	109.51

GILT EDGED ACTIVITY									
	Jan 7	Jan 8	Jan 9	Jan 10	Jan 11	Jan 12	Jan 13	Jan 14	Jan 15
Govt 100	109.59	109.57	109.53	109.51	109.51	109.51	109.51	109.51	109.51
Govt 100	109.59	109.57	109.53	109.51	109.51	109.51	109.51	109.51	109.51

Norway issues C\$750m Eurobond

By Brian Bollen

THE Kingdom of Norway launched its 1993 international borrowing programme yesterday with a C\$750m 10-year issue through Goldman Sachs International, one of the largest Canadian dollar Eurobond issues to date.

Norway, like Finland and Sweden, needs to borrow to replenish foreign currency reserves after last year's currency crises, although its requirements are lower due to current account surpluses generated by oil and gas exports.

Foreign currency reserves stand at around \$10bn today, compared with \$12bn-\$13bn a year ago, and it can afford to borrow at an almost leisurely pace, says Mr Sigurd Klake, deputy director general at the Norwegian ministry of finance.

Norway will borrow up to \$6bn internationally this year, compared with \$5bn in 1992. The kingdom is understood to have a funding target of 20-30 basis points below Libor, and is thought to have swapped the

INTERNATIONAL BONDS

proceeds of the issue into floating-rate US dollar notes. The bonds were priced at 45 basis points over the benchmark government bond.

The large volume of Canadian dollar bonds this week has prompted fears of over-supply. Goldman Sachs said half of yesterday's issue had been sold by the end of the day, with interest good in the Far East but not as strong as expected on the Continent.

The European Investment Bank continued its active start

to the year with two further issues, in part reflecting its need to borrow an extra \$500m to meet the spending commitments agreed at last December's Edinburgh summit.

Its \$400m 10-year issue followed a \$250m 10-year issue followed by a \$250m 10-year issue followed by a \$250m 10-year issue.

GOVERNMENT BONDS

THE Bundesbank's easing helped to improve sentiment in the French government bond market, relieving some of the strain on the French franc, which closed stronger against the D-Mark.

The yield on the 8.5 per cent bond rose from 8.05 per cent to 8.09 per cent, while the futures contract on the Matif exchange in Paris closed at 112.64, down 0.16 from late Wednesday.

The French government raised FF16.457bn at its regular auction yesterday, including FF10.71bn of the 8.50 per cent bond due 2003 at an average yield of 8.09 per cent.

LONG-DATED UK government bonds fell back after the Bundesbank announced that it would lower its repo rate while leav-

ing German interest rates unchanged. Short-dated gilt prices held steady, helped by sterling's relative strength in the foreign exchange markets as the pound traded at around DM2.51 yesterday afternoon.

Dealers said longer-dated gilts drifted lower on fears of new supply, with the market expecting the Bank of England to announce a new gilt auction shortly.

However, estimates of how much funding the government needs to do in the remainder of this financial year vary. Mr Iffy Islam, economist with BZW, predicts that the Bank of England needs to issue about £2.5bn in new gilts, while Mr John Kendall, economist at Baring Sterling Bonds, estimates that some \$4.5bn of new gilt issuance remains to be achieved.

JAPANESE government bonds closed higher, touching four-year highs in the cash and futures markets.

Dealers noted strong investor buying across the yield curve, with the yield on the benchmark No 145 issue moving from its opening level of 4.48 per cent to as low as 4.45 per cent before closing at 4.45 per cent.

The March futures contract climbed from 108.47 to a high

of 108.62, before ending at 108.59.

The Ministry of Finance offered ¥800bn of 10-year government bonds with a coupon of 4.8 per cent at auction, as expected. The coupon is the same as for the last 10-year issue and the issues are expected to be merged to form a new 10-year benchmark eventually, dealers said.

The auction had a relatively high bid-to-cover ratio of 5.86 per cent. The average bid price was 100.90 and the lowest accepted bid price was 100.85.

A LARGER-than-expected fall in weekly jobless claims and continued worries about the impact on the market of fresh supply left US Treasury prices moderately weaker across the board yesterday morning.

By midday, the benchmark 30-year government bond was down 1/8 at 102 1/2, yielding 7.384 per cent. At the short end of the market, the two-year note was also lower, down 1/8 at 100 1/2, yielding 4.574 per cent.

Record amounts of new corporate bond issues, plus the upcoming sale of new government securities, have depressed Treasury prices in recent days, and yesterday was no exception.

BENCHMARK GOVERNMENT BONDS

	Coupon	Rate	Price	Change	Yield	Week ago	Month ago
AUSTRALIA	10.000	10/02	106.5846	-0.002	8.97	8.92	8.77
BELGIUM	8.750	09/02	107.5400	+1.740	7.98	7.94	8.00
CANADA	8.500	04/02	102.9500	-0.550	8.04	8.04	7.95
DENMARK	9.000	11/02	100.2700	+0.400	8.84	8.84	9.07
FRANCE	8.500	09/07	101.7512	+0.174	7.97	8.02	8.12
GERMANY	8.000	07/02	106.8800	-0.010	7.15	7.24	7.40
ITALY	12.000	05/02	93.2000	+0.865	13.73	13.73	13.76
JAPAN	No 119	08/08	102.1642	+0.208	4.47	4.53	4.61
NETHERLANDS	8.250	06/02	107.3800	-0.160	7.14	7.14	7.46
SPAIN	10.000	06/02	87.4750	+0.225	12.61	12.49	12.71
UK GILTS	10.000	11/08	109.09	-	7.22	7.24	7.38
US TREASURY	8.375	09/02	97.23	-0.022	8.70	8.66	8.78
US TREASURY	8.375	09/02	97.23	-0.022	8.70	8.66	8.78

The downward trend, however, was exacerbated by a string of good economic news, primarily the announcement that claims for state unemployment insurance dropped 40,000 in the week that ended December 26.

Although analysts said that the holiday-shortened week was partly behind the big drop in claims, it did not explain all of the decline. Consequently, the data was taken as another indication that labour market conditions have been improv-

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book number
US DOLLARS						
World Bank(a)	1,250	7.625	99.488	Jan. 2003	45/40bp	CSFB/ Goldman Sachs
Penntelco Co.(b)	350	6.75	100	Jan. 2003	100/80bp	Lehman Brothers
Export Development Corp.(c)	50	6.75	100.0882	Jul. 1999	30/30bp	CSFB
Major Motor Co.(d)	50	2.75	100	Dec. 2002	25/15 1/4 %	Versamit Int.(Europe)
NordDeutsche Landesbank(e)	50		100	Dec. 2002	50/25bp	Merrill Lynch Int.
D-MARKS						
Republic of Finland(f)	1bn	7.5	102.55	Jan. 2000	2 1/2, 2 1/2 %	Dresdner Bank
Repubek Bank Nederland(g)	10	10.5	1	Jan. 2003	3 1/4 %	Morgan Stanley
Iwanami Shoten(h)(i)	25	8	100	Jan. 1998	-	DKSB(Deutschland)
STERLING						
European Investment Bank	400	8	98.73	Jun. 2003	-	Samuel Montagu & Co.
FRENCH FRANCS						
Crédit Local de France(j)	1,5bn	7.625	99.6	Feb. 1998	37.5bp	BNP Cap.Mkts.
CANADIAN DOLLARS						
Kingdom of Norway	750	8.375	98.776	Jan. 2003	32 1/2/20bp	Goldman Sachs Int.
AUSTRALIAN DOLLARS						
State Br of New South Wales	150	9.25	100.2	Feb. 2003	2 1/4 1/4 %	Deutsche Bank London
Australian Ind.Dev. Corp.(l)	25	9.25	100.65	Feb. 2003	2 3/4 1/4 %	Hambro Bank
LIRE						
European Investment Bank	200bn	11.75	101.72	Feb. 2000	1 3/4 1/4 %	IMI Bank Luxembourg
SWISS FRANCS						
Inter-American Dev.Bank	500	5.5	102	Mar. 2003	-	Swiss Bank Corp.
Canada	5.5	101.25	Feb. 2003	-	UBS	
Eleciricité de France	150	5.25	102.25	Feb. 1998	-	Crédit Suisse
Carlsberg Finance Copenhagen	100	5.5	101.5	Feb. 2003	-	UBS
City of Lira	100	10.75	100.75	Feb. 2003	-	Swiss Lira

Receivers hope to save jobs by selling most of collapsed group's businesses

Lilley debts total more than £80m

By Andrew Bolger

RECEIVERS hope to preserve jobs by selling most of the businesses in Lilley, the Glasgow-based contracting and construction group which has collapsed with debts of more than £80m, of which £30m are off-balance sheet.

Price Waterhouse, who were appointed as receivers yesterday, said management forecasts suggested that losses caused mainly by property write-downs and losses on disposals would have reduced the group's net assets from £47m at the end of 1991 to net liabilities of £13m by the end of 1992. At

yesterday's share suspension price of 74p, Lilley had a market capitalisation of only £16m.

There was also an urgent need for cash, which management had concluded might amount to as much as £10m. It was this requirement for new funds which proved too much for two of Lilley's six banks - Clydesdale Bank, the Glasgow-based subsidiary of National Australia Bank, and Hill Samuel, the merchant bank subsidiary of TSB.

Mr Iain Bennett, of Price Waterhouse, said Lilley's financial difficulties stemmed from a very substantial loss of

value on a number of major property developments which were acquired at the height of the property boom.

He added: "The group's divisions comprise many well-known and respected construction businesses. We very much hope that these can be saved through successful receivership sales. With this in mind we have already contacted a number of potential purchasers."

Lilley employs a total of 2,800 people, more than half of them in Scotland. There are 1,200 on staff, with the rest working on sites throughout the UK. Robison and Davidson, a building and

construction subsidiary in Dumfries, which employs 750 of the group's total, is not in receivership. The receivers appointed to its parent are hopeful of selling the shares of the company within the next few weeks.

Lilley also owns Harrison Western Corporation, based in Denver, Colorado, which owns and leases five tunnel-boring machines. This company is not in receivership or subject to any other insolvency procedure.

● Lilley (Construction) Services Ltd. of Long Stratton, Norfolk, has no connection with the Lilley group and is unaffected by the receivership.

Rights cash boost for Independent Insurance

By Richard Lapper

INDEPENDENT INSURANCE Group, the medium-sized general insurer which is planning a stock market flotation in the spring, has completed a £10m rights issue.

Mr Robert McCracken, director and general manager, said the new money gave the group "a stronger capital base to go forward in 1993," taking advantage of recent rises in premium rates in the UK market.

Independent, the former UK operations of Allstate of the US, has grown rapidly since it was bought in 1987 by the New Scotland Group. New Scotland was formed for the deal by Scottish businessmen and backed by institutional investors including 3i, Foreign & Colonial and County NatWest.

Mr McCracken said the company was strong in the provincial commercial property and the London insurance market, which together provide 64 per cent of its premium income. It had diversified away from its original focus on personal lines insurance.

But following recent growth in annual premium income to more than £100m, solvency - which measures net assets as a percentage of premium income - had fallen to about 40 per cent, and fresh capital was needed to support further expansion.

Investors have been encouraged by the group's strong profitability, bucking the industry slump. Independent made profits of £8.5m in 1990 and £2.1m in 1991, when the UK general insurance industry lost more than £20m.

During the first nine months of 1992 Independent's pre-tax profits rose from £1.8m to £2.5m, with premiums up from £70m to £100m.

Mr McCracken said the company's success was due to the fact that its underwriting policy was tighter than many of its competitors. It had also been more selective about the brokers with which it traded on a regular basis.

Independent's management and some staff own about 8 per cent of the company.

TT declares bid for AB unconditional

By Richard Gourlay

TT Group, the industrial holding company which has recently been transforming itself into a more specialised electronics company, yesterday declared unconditional its recommended offer for AB Electronics.

At the first closing date TT had received acceptances in respect of 52 per cent of AB shares. It bought a 6.3 per cent stake last July and a further 1.1 per cent during the offer.

TT also announced that the open offer of shares to raise £7.7m was subscribed 1.4 times.

Since the bid was launched TT's share price has risen from 185p to 240p, up 3.5p on the day. As a result the value of TT's share offer has risen from 50p to 65p, while the cash alternative has remained at 45p.

In spite of this disparity, the company received acceptances for the cash alternative in respect of 38,251 AB shares.

The share offer remains open until further notice. Advisers to TT said the share price had been depressed ahead of the bid because of talks taking place with AB. Mr John Newman, TT chief executive, had also spent time raising TT's profile with institutions.

He said orders were 6 per cent ahead for the first six months and had moved further ahead since September. Orders from Germany, which had lagged other markets, had increased considerably, as had export orders.

Burton aims for more responsive organisation

By Neil Buckley

LESS THAN a year after taking over, Burton's chief executive has grasped the nettle and announced sweeping structural changes throughout the group's 10 trading divisions.

Mr John Hoerner, the American who took over last February, launched a rationalisation programme involving the loss of nearly 2,000 full-time jobs, but the creation of up to 3,000 part-time ones.

The programme - the result of a six-month review carried out in conjunction with P.A. Consulting Group - is likely to cost between £10m and £15m, but achieve savings of a similar size this year.

Analysts welcomed the changes. Mr Nick Hawkins, of Kleinwort Benson, said they were long overdue. "The new management is taking an organisation which is heavily bureaucratic and making it more responsive to the market place."

"The important thing is that after dealing with operational issues last year they are now tackling the structural issues."

The group stressed that the programme was not just about redundancies, but included other organisational changes necessary to cut staff and management costs. These were higher as a percentage of turnover than in comparable

retail companies. Staff employed in head office functions are to be reduced by 853 - roughly one in four.

The shake-up includes the resignation of two board members. Mr Geoff Powell was replaced as operations director by Mr Graham White, and Mr John Davies is replaced as company secretary by Mr Ian Jackman. Burton said this reflected the "top-to-bottom" nature of the changes.

Mr Hoerner said buying and merchandising operations would be split into two separate functions. Reports that were previously prepared on an ad hoc basis would be computerised and standardised.

Savings would also be achieved in the finance sector through computerisation and centralising accounting functions into centres in Leeds and Taunton.

In the shops, about 1,000 full-time jobs will be lost. But up to 3,000 part-time jobs will be created.

Mr Hoerner said most savings would be achieved by scheduling employees to work at the busiest shopping times, achieving better service at a lower percentage cost.

Workers reducing their hours from, say, 36 to 28 a week, would receive a higher hourly rate that would go some way towards compensating them for the lost time.

Woolcombers and Illingworth fall

By Daniel Green

WOOLCOMBERS GROUP, the wool processing company which abandoned plans for a stock market flotation in September, yesterday reported interim pre-tax profits 26 per cent lower at £1.6m.

Turnover for the six months to end-September slipped to £11.9m (£12.1m), although this was more than accounted for by the discontinuation of businesses with a turnover of £34,000.

The results show £229,000 of extraordinary costs associated with both the postponed flotation and a Monopolies and Mergers Commission inquiry into the wool scouring (cleaning) market. Earnings per share fell from 3.46p to 2.55p.

The company said its proposed flotation was abandoned "due to volatile currency and equity market conditions". Mr Alan Lewis, the chairman, said he hoped to try again to float in the early autumn of this year.

Woolcombers is part of the

Illingworth Morris Group, quoted on the stock exchange until 1989 when it was taken private by Mr Lewis.

Illingworth Morris, owner of the Crombie brand name, also published its interim results yesterday.

A doubling of the interest charge contributed to a fall in pre-tax profits from £1.8m to £505,000 for the six months to September 30.

Turnover rose slightly to £25.7m (£24.2m). There were extraordinary charges of £494,000 associated with the postponed flotation and MMC inquiry.

Both companies said "general economic conditions have continued to be difficult" and that "the second half of the year is expected to show improved profitability".

Cloth sales of Illingworth held up "notwithstanding the competitive pressure on pricing" and market share improved. At Woolcombers, sales of lanolin-based products increased by 10 per cent, but sales of synthetic fibres fell 31 per cent.

Druck declines 27% but orders increase

Druck Holdings, the Leicester-based manufacturer of electronic pressure measuring devices, yesterday reported lower first-half sales and profits but said orders were up, writes Paul Taylor.

Pre-tax profits in the six months to September 30 fell by 27 per cent from £2.41m to £1.75m on turnover which slipped by 6 per cent to £12.7m (£13.5m). Earnings per share fell to 18p (23.3p), however the interim dividend is being maintained at 3.4p.

Mr John Salmon, chairman, said: "Due to a number of factors the first half results are down on the same period last year, but I am confident that this deficit will be partially, if not wholly, reversed by the end of the full year."

He said orders were 6 per cent ahead for the first six months and had moved further ahead since September. Orders from Germany, which had lagged other markets, had increased considerably, as had export orders.

Lower margins leave Reg Vardy at £1.9m

THIS WINTER's revival in car sales came too late to help interim results at Reg Vardy. The Sunderland-based motor group reported an 8 per cent fall in pre-tax profits from £2.02m to £1.86m in the half-year to October 31, writes Matthew Curtin.

The shares fell 8p to close at 125p.

Turnover improved from £55.6m to £108m, but shrinking margins led to a fall in operating profits from £2.74m to £2.3m.

Earnings per share were 3.01p, against 4.25p, on a larger number of shares in issue. The interim dividend is held at 1.3p.

Mr Peter Vardy, chairman, said attempts by some manufacturers to stimulate demand by dropping prices had not been entirely successful. However, he added lower interest rates and the removal of the special car tax, which came too late to revive sales in 1992, would stimulate demand this year.

The doctor's painful loss of a sick patient

Andrew Bolger examines the failure of another quoted company north of the border

IT IS always painful for a company doctor to lose a patient, but the collapse of Lilley is a particularly bitter blow to Sir Lewis Robertson, who has chaired the group since 1986.

The dismal significance of the failure of yet another of Scotland's diminishing number of large quoted companies is not lost on the 70-year-old Scot, who since retiring as the first chief executive of the Scottish Development Agency in 1981 has been a leading figure in the commercial establishment north and south of the border.

In spite of Lilley's alarming level of debt and heavy provisions for property write-downs, Sir Lewis insists that a restructuring package finalised before Christmas was feasible.

The plan provided for the subscription of new equity, the elimination of the group's exposure to property developments and property joint ventures, planned sales of the group's principal housebuilding and plant-hire businesses and trading operations in the US, and a partial debt to equity conversion by the banks.

The restructuring was supported by the three main institutional investors - Scottish Amicable, M&G and BZW - who spoke for nearly 30 per cent of the equity, and the group's Spanish partners, Entrecanales and Cuibertas, who own 21.5 per cent.

Four of the six banks in the group's £45m loan syndicate agreed - the Bank of Scotland, Royal Bank of Scotland, NatWest and Banque Indosuez - but the refusal of Clydesdale Bank and Hill Samuel to inject any new money made receivership inevitable.

Hill Samuel said: "We agreed the rescue package, but were not willing to commit additional funds. We didn't want to increase our exposure, given the sudden deterioration in their property books."

No comment could be obtained from Clydesdale Bank, the Glasgow-based bank taken over by the National Australia Bank in 1987.

Sir Lewis, who declined to give details of the bank negotiations, said: "I want to avoid hurling bricks amongst the banks, but what bothers me is the need for unanimity."

Under the so-called London Rules, most lending agreements contain covenants

requiring a unanimous agreement of the banks to make any substantial changes in the loan terms.

Sale Tilney, the mini-conglomerate which went into receivership last week, did so after just one small foreign bank declined to agree to a financial restructuring, although the Bank of England is understood to have intervened.

Sir Lewis pointed out that Mr Pen Kent, an associate director of the Bank of England, recently urged banks to adopt new procedures when writing loan covenants. Mr Kent said the requirement of a unanimous vote for a reconstruction to go ahead should be replaced with a qualified majority.

Sir Lewis's disappointment at Lilley's receivership will not be lessened by the knowledge that he saved the group from a serious financial crisis in 1986 resulting from its US and other overseas operations.

Mr Robertson (as he then was), a veteran of a number of corporate rescues, became chairman, bringing in Mr Joe Barber as chief executive who drastically pruned Lilley's overseas activities.

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In 1988 Mr Barber was replaced as chief executive by Mr Bob Rankin, a former chief executive of the construction group Balfour Beatty, in a management buy-in which brought in £27.4m in new equity.

The idea behind the buy-in was to expand Lilley through joint ventures with property developers including London and Edinburgh Trust, which is subscribed to the share placing.

Sir Lewis said yesterday that, with hindsight, this deal

had caused Lilley to move towards property development and housebuilding at the wrong time in the cycle. In 1989 Lilley launched an abortive bid for Tilbury, leaving the Scottish company with a 29 per cent stake in the construction group, which it later sold at a loss.

Last year Lilley unwound its involvement with London & Edinburgh Trust and Mr Rankin resigned in October. Mr James Hann joined the group as deputy chairman and helped put together the rescue package which went to the banks.

Sir Lewis said the previous policies were pursued too long against a changing economic background, but accepts that as chairman he shares the responsibility: "It was a board decision. It was necessary to give Mr Rankin a run on the basis which he was appointed, which brought in £28m, a substantial amount of money."

Since most of Lilley's problems concern its remaining property portfolio and balance sheet, there is a good chance of finding buyers for the group's core contracting and construction activities, which have work in hand worth £100m.

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EIO faces opposition to St Andrew Trust bid

By Philip Coggan, Personal Finance Editor

ECLESIASTICAL Insurance Office is facing institutional opposition to its bid for St Andrew Trust, an investment trust specialising in smaller companies. The first closing date for the offer is today.

The bid is a technical one designed to give EIO more than 50, and less than 75 per cent of the trust. EIO needs a majority stake to comply with new European Community guidelines on capital adequacy.

But some institutions are unhappy that EIO is not paying a premium for control.

The bid is for 93 per cent of formula asset value (in essence, the net asset value minus expenses). If EIO gains majority control of the trust, it

will be able to equity account the assets and thus, in theory, will not mind if the trust falls to a discount.

Minority shareholders will have no power to alter the situation.

"If EIO wins control, it won't have the same interest as the rest of the shareholders," said Mr Jonathan Woolf, deputy chairman of British American Film Holdings. BAFH owns 2 per cent of the trust and will not be accepting the offer. "I would be surprised if anyone did," said Mr Woolf.

Another major institutional holder has already rejected the bid.

The independent directors of St Andrew have already said that they are not recommending the offer, although shareholders should give it "careful consideration."

Ralston Trust board proposes liquidation

By Roland Ruddy

THE BOARD of Ralston Investment Trust is proposing a voluntary liquidation of the company.

The net asset value of the trust, which is 75 per cent owned by Caledonia Investments, itself controlled by the Cayzer family, declined by 30.4 per cent between its inception in October 1988 and November 30 1992.

Mr Peter Buckley, Caledonia's chief executive, said: "It's been a bit disappointing. But the formation of Ralston coincided with the start of a

period during which the securities of smaller UK companies have underperformed the market."

In contrast with other investment trust restructurings, other than Caledonia Investments, will receive cash distributions equal to their proportional entitlements to the net assets of the company.

A second interim dividend of 1.1p per share will be paid on January 31.

Shareholders will be asked to approve the proposals at an extraordinary general meeting on February 1.

Capel survey suggests shares may be underrated

By Maggie Urry

A FORECAST of 6 per cent per annum dividend growth in the medium term suggests that UK equities are currently underrated, says James Capel.

However, in its report, entitled Dividend Growth - the Key to Outperformance, the stockbroker goes on to say that if dividends rise by less than 5.5 per cent on average, the stock market could fall.

The report, based on a survey of 200 leading companies and institutional investors, produced a consensus that UK dividends would grow by 6 per cent a year in the 1990s.

The survey also suggested that investors were more concerned about companies' available cash when they set dividends, while companies were more concerned with prospective earnings growth.

Dividend growth, the broker says, is the basis for long-term returns from equities, with equity market returns tracking the rise in dividends over the last 70 years. However, in the 1980s dividend growth in real terms ran ahead of economic growth, a trend reversed by the onset of recession.

Although a number of dividend cuts have been made, the level of earnings cover for dividends has dropped.

For the level of cover to return to the longer-term average of 2.3, and dividends to rise by 6 per cent, earnings would have to grow by 9.5 per cent a year to 1999.

James Capel forecasts dividend cuts from 19 companies, but says 34 should see growth above 12 per cent and 87, above 27 utilities, should achieve between 6 and 12 per cent growth.

Savills returns to the black

By Matthew Curtin

SAVILLS returned to profitability in the half year to October 31 as the property group drove down costs and expanded its lucrative commercial property consultancy and valuation services.

The pre-tax profit emerged at £163,000 compared with losses of £762,000, on a small increase in turnover from £11.8m to £11.9m.

Mr George Inge, chairman, said a £286,000 reduction in costs was chiefly responsible for the improved results. Staff numbers were cut again to

about 530 - down by nearly 30 per cent from 740 in 1989.

Commercial turnover rose by 6 per cent to £5.1m, of which nearly two thirds came from consultancy and valuation work.

Savills was advising the administrators of Canary Wharf, but its City agency had performed well throughout central London with good demand for quality accommodation.

The residential sector was "dull", although there were signs that the London market had picked up in November and December, with interest

from overseas buyers spurred by the sterling devaluation in September.

Cash reserves stood at £2.5m at the end of October, against £1.9m six months earlier. The group was benefiting from the absorption of a £1.6m property write-off last year and the continued depreciation of office equipment bought after its listing in 1988.

"I am quietly confident the improvement in our results is sustainable in the current six months, but we have seen false dawns before," Mr Inge said.

Earnings per share were 0.03p (1.7p losses).

Contrasting debt figure for Evode

By Roland Ruddy

NEW information on Evode passed to Wassall, which is bidding £113.2m for the chemicals and plastics company, shows that Evode's net borrowings will average more than £40m during the four quarters of this year.

This contrasts with the latest available information released by Evode earlier this month when it published its balance sheet for the financial year ended October 3 1992.

Divestments and a 17 per cent reduction in working capital reduced Evode's net borrowings from £48.1m to £28.5m, giving gearing of 50 per cent. The group also generated cash of £26.3m (£16.4m).

Wassall, the mini-conglomerate, received the details on Evode's borrowings because under the rules of the Take-over Code it is entitled to ask for any new information given to other potential bidders.

Laporte, the UK's second biggest quoted chemicals group, is at an advanced stage of discussions with Evode about making a recommended bid and had already received the new information on Evode's debt.

Mr David Winterbottom, Evode's chief executive, dismissed the new information about his company's borrowings.

Great Southern

Great Southern Group has acquired 75 per cent of Newport-based TJ Davies & Sons (Funeral Directors) for £450,000. It also has the option to purchase the balance in November 1994.

Great Southern has also acquired a related property in Newport for £140,000.

Xenova raises £19.7m via US share placing

By Maggie Urry

XENOVA, a British biotechnology group, has raised \$30.3m (£19.7m) through a private placing of shares in the US at \$5 a share. It is thought to be the largest financing arranged by a European biotechnology group in the US.

Mr Louis Nisbet, chief executive officer of Xenova, said the main reason for going to the US for funds was that the US market had a good history of financing young hi-tech businesses in the health care field.

The financing, arranged by Paine Webber, brings to a total of \$56.4m the equity Xenova has raised since its foundation in 1987. Existing investors, who include venture capital groups, institutional investors and Genentech, the Californian biotechnology company, took 15 per cent of the new shares being sold. Genentech's total

investment in Xenova so far is \$10.5m.

Mr Nisbet said the group was looking to a public listing in the next one to two years. This could be in the US or possibly jointly in the US and UK.

Xenova's specialisation is developing small molecule drugs derived from natural products such as fungi and plants, found anywhere between "Amazonia and our backyard," Mr Nisbet said.

RECRUITMENT

Nigel Nicholson argues it is in management's own interest to discover what employees really think

Getting satisfaction from staff surveys

Employee attitude surveys are becoming popular in British companies. For many, they are a new addition to a portfolio of human resources management techniques. So they are big business for consultants. But what benefits do surveys yield, and are they worth it?

Management traditionalists express some trenchant objections to them which should not be dismissed lightly as primitivism, but provide pause for thought. The objections include that:

- Good managers already know their staff's opinions. But how do managers know if their reading of opinions is correct? In almost every company survey we have conducted, critical gaps have been revealed between what top management believe staff will say and what staff actually do say. Once managers have overcome their wounded pride at some of the responses, there is much to be learned. The news is never all bad, and there are always things to celebrate. Indeed, in many areas there may be considerable value in confirming what you suspected but could not prove - for example, that staff feel pride in the company, or positive about their immediate bosses.

Most valuable, though, will be the early warning of potential trouble spots that sophisticated analysis can reveal. Last, but not least, the comments and reactions of even lowly employees will contain a wealth of perceptive and intelligent suggestions for the future.

- Surveys are a superficial, impersonal and bureaucratic method. Yes, they are superficial inasmuch as they must ask simple and direct questions, which is more an argument for treating surveys as a step toward deeper inquiry than as ends in themselves. Yes, they are impersonal, to the degree that they rely on standardised questions. They are no substitute for good personal communications.

- Are surveys bureaucratic? Undoubtedly they sit better with paper-driven than paper-phobic cultures, but management should test the climate by talking to staff doing an early pilot draft. In widely differing kinds of organisation there is an overwhelmingly favourable reaction to the survey initiative. "Thanks for asking us" is a common response.
- Surveys give a free-ride to grum-

blers. Yes they do, but this begs the question of why people want to grumble in the first place. Moreover, there are two ways to protest against the capricious or habitual grumbler. First, benchmarking. For any question it is important to know what is the normal range of response. If you ask people if they are satisfied with their working conditions, you need to know what minimum margin of discontent can reasonably be expected.

The second protection is careful question design, avoiding leading or blank-cheque negative ones. This looks easier than it actually is, and artfully designed surveys balance opportunities for open criticism with opportunities for appreciation.

- Surveys open cans of worms and raise false hopes. The first rule of surveying is that if you do not want to hear the answer, then do not ask the question. Management must be prepared for any possible reaction to a question, not just what it assumes is likely, or what it would like to hear. And it must start thinking, even before the question is asked, what would be its response

to negative opinions. In the worst managed companies leaders are likely to explain away or deny bad news. The survey consultant bears a major responsibility here in preparing the ground.

Survey design is also critical to the issue of raising of false expectations. Do not ask questions in ways which make it look as if you are holding a referendum. Surveys are not management by plebiscite.

Management's commitment, clearly communicated at the outset, should be not only to take action where feasible and desirable, but also to be frank about reasons for not acting where to do so would be unreasonably difficult, contentious or costly. Fast, honest and clear feedback of results and likely outcomes is essential to the reaping of goodwill from a survey.

- Surveys contain built-in bias because of the unknown opinions of the many who do not respond. This is usually an exaggerated fear. Research following up non-respondents shows that bias is modest

when return rates of over 50% are achieved - it is the apathetics rather than the enthusiasts or dissidents who fail to respond. But there are many other more mundane reasons for non-response, such as pressure of work, absenteeism, mislaid survey forms, and distribution failures. However, in a well-designed and carefully introduced survey, levels of 65 per cent plus can be expected. There are also technical ways of checking statistically for bias, and rebalancing data accordingly.

So if surveying is not to be taken lightly, what is involved in taking it seriously, and what genuine benefits can be reaped?

First, it is best not seen as a one-off exercise, but as a long term continuing commitment to listening to employees. Companies with long traditions of surveying, such as IBM and the Prudential, cultivate "survey-friendly" environments in which employees expect to be regularly consulted, achieving a norm of high participation rates as a result. One survey is a snapshot, a series gives a moving picture. The benefit here is that the company begins to

assemble a human resource database to rival those of the "hard" functional disciplines of finance and marketing. This has the potential to be used to set targets for measurable and rewardable improvements in management practice.

Second, a survey is not just a medical check-up on the corporate body but an exercise in best practice communications. The effective survey is the organisation talking to itself. This is a source of strength on the principle that the intelligent systems which have self-knowledge are better able to survive in a changing world. Surveys also send a "cultural signal" about openness, listening and responsiveness. For this to be credible, the organisation needs to examine critically its current culture, and to ensure that the culture signal is consistent with the predominant values of the organisation. If not, then it must signal a genuine commitment to moving toward the values of a high-trust and high-involvement culture.

Surveys can give a powerful impetus to culture change programmes, as our work with BP's Project 90

and with other companies has shown. But culture change back-tracking, or not seeing it through, will do more harm than good. This is not a failing of the survey, but of management action.

Given the risks, are surveys worth the cost? A comprehensive survey programme, involving pilot-ing, design, analysis, normative benchmarking and feedback reports can be a sizeable investment, but no more than that for many management training programmes and other forms of corporate communication.

What do you get for this? Surveys can range over a very wide terrain, including people's careers, their bosses' style, and their company's public image. Surveys also provide potentially valuable data about the experience and qualities of staff across levels and functions, including areas where the company is most vulnerable to losing key staff.

Amateurish surveys are damaging. But well-conducted ones which feed into management training, staff development, and strategic planning really can give organisations a leading-edge advantage.

Professor Nigel Nicholson is director of the Centre for Organisational Research at London Business School.

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Resolving to move towards a truer and fairer view

Andrew Jack calls for further improvement among those responsible for financial reporting

BEFORE 1993 gets too far under way, it is a good moment to reflect on the disappointing state of financial reporting – and for those involved to resolve to try harder this year.

After two years of corporate collapses against a backdrop of accounts that provided their readers with all too few clues of what was to come, it would be hard to deny improvements must be made.

The last few months have brought considerable change, notably through the work of the Accounting Standards Board, the Financial Reporting Review Panel, the Auditing Practices Board, the joint ethics committee of the professional accountancy bodies, and the Cadbury committee on corporate governance.

But more work needs to be done. Here are a few suggestions for those who produce accounts – and for those who use them. Finance directors and their boards. Both logic and the law – which do not always correspond – suggest that directors are the individuals responsible for preparing a company's accounts and ensuring that they show a "true and fair" view.

All too often, the question "Where were the auditors?" is unfairly posed – if only by those tempted to seek legal redress against professionals with deep pockets – when blame should be more correctly focused on those within the company.

Directors have the power, the access, the information and the responsibility to act on behalf of shareholders as custodians of the assets of a business. It is their actions

which determine its direction and management.

Yet the level of financial literacy is often poor. A survey by KPMG Peat Marwick last year suggested that one-third of managers did not understand the meaning of the profit and loss account.

Auditors and accountants. The secretive world of the accountancy firms becomes especially close-knit at the mention of professional incompetence, complacency or complicity. But accountants cannot be allowed to escape a good share of the blame.

Legal obligations, professional guidelines and years of training should all help them to ensure that accounts are accurately prepared and fairly presented for the benefit of their real client: the shareholder.

Yet all too frequently auditors treat the directors of the company as the client. It is the board which sacks, appoints and pays the auditors, meets the audit partner, negotiates the wording of the audit report, receives the management letter and hears details that never reach the ears of the shareholder.

That places auditors under commercial and personal pressures that sit uneasily with their impartial role, particularly at a time when accountancy firms have become more business-oriented, marketing-driven and competitive with one another.

Privately, auditors will talk about the fear of being sued or of losing the client at least as much as about whether they agree with the treatment of the accounts the directors request.

A tendency towards out-of-court settlements denies the public the details surrounding auditors' judgments and actions. Even so, some embarrassing evidence is now beginning to come to light.

It is more difficult for auditors to defend themselves when they have given unqualified opinions on the growing number of accounts now being censured by the Financial Reporting Review Panel.

The government. Accountancy is too important to be left to accountants. But legislators seem to believe it is either too boring or too technical to warrant their attention.

They have persistently turned their backs on the subject and left the profession to draw up standards and to regulate itself. That may seem a more efficient approach, but it risks pandering to self-interest.

There is little legislation covering financial reporting. What there is has tended to be introduced only in response to compliance with EC directives. It is inconsistent, incomplete and often inflexible.

There is also little case law to get precedents and give guidance. If nothing else, clarification should be provided on what the Companies' acts mean by "a true and fair view"; and there should be a re-examination of the Caparo judgment on the nature of auditors' responsibility. And too little attention has been given to the question of whether it is desirable for the profession to be the ultimate – and potentially unlimited – target of legal action after every crash.

Analysts and institutional investors.

Skilled readers of accounts cannot be directly blamed for the figures that are presented to them. But they must take responsibility for sloppy interpretation – particularly when they are handling or advising on the use of other people's money.

There is little doubt that there are wide variations in analysts' ability to read and understand accounts. Why else do company share prices so often seem to drop after accounting changes – which are purely presentational – are announced?

The attention analysts and investors pay to short-term returns and to the bottom-line earnings figure has also played a strong part in encouraging a superficial reading of accounts – and the manipulation of the figure by companies.

Professional investors and analysts must also share blame for not lobbying for reform more actively. Very few submissions for or against proposals suggested by the Accounting Standards Board have come from City investment institutions and brokers, for instance.

Standards-setters and watchdogs. Historically, standards have clearly allowed far too much flexibility. All that is changing with the work of the Accounting Standards Board, which has been widely welcomed. But the ASB's honeymoon is coming to an end. This year will see how far it can face up to opposition on controversial issues such as intangible assets, acquisition provisions and valuations.

Critics have started to point out ambiguities with its new financial reporting standards on cash flow and the profit and loss account. Companies

have begun to squeeze through loopholes in the recent rulings of the ASB's urgent issues task force.

There are questions over the speed with which the ASB will be able to tackle the vast number of topics demanding reform. It plans to introduce only two new standards this year; its full agenda could well stretch through several more economic cycles.

Financial journalists. Those who write and broadcast for a wide audience of investors cannot escape from criticism. Time pressures and lack of specialist training limit coverage of financial reports and accounting issues.

The availability of comprehensive preliminary results has led to a tendency to pay little attention to the final, audited annual accounts a few weeks later. Often, vital clues to a company's subsequent problems can be found in the notes to the accounts – yet these receive only cursory scrutiny.

Individual investors. Recent surveys of private shareholders have shown that few have any faith in the quality of information published in accounts. Yet an equally small proportion appears to understand the details that they contain or to spend time studying the most important parts of the accounts, such as the notes.

Large numbers of investors have elected to receive the grossly insufficient information which is contained in the summary financial statements companies are now allowed to circulate in place of full accounts. Does this really provide a satisfactory basis for investing?

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FINANCE PROFESSIONALS IN INSURANCE FOR MANAGEMENT CONSULTANCY ATTRACTIVE SALARY PACKAGE + GENEROUS BENEFITS

**Right person.
Right place. Right time.**

(Which is why you should move.)

You've achieved much in your insurance career so far, gaining in-depth knowledge and a clear commercial focus. But those skills which have served your career well to date can be enhanced still further in management consultancy. At Coopers & Lybrand, we offer exceptional individuals the chance to develop their skills and fulfil their potential in a broader context.

The business understanding which you've derived from line management or project-based experience - together with your degree and professional accountancy qualifications - make you well-placed to benefit from such a career move.

Coopers & Lybrand is acknowledged worldwide as a leading management consultancy and accountancy firm. Join our Financial Services arm and you will be part of an established and highly specialised insurance team, advising clients on a range of strategic financial and systems-related issues in what continues to be an increasingly competitive marketplace.

Working within project teams of various sizes, you will enjoy genuine responsibility for defining problems, instigating change and influencing

the strategy of blue-chip clients at senior management level. Operating anywhere in the UK or overseas, you will use your personal experience and initiative to take key decisions and carry through their implementation.

As well as good analytical and problem-solving skills, you will have the ability to communicate your findings clearly and succinctly. Probably aged 25-35, energetic and determined, you must be able to establish immediate credibility among senior client management.

In return, you will enjoy excellent career prospects, an impressive remuneration package and individually-tailored training. Above all, you will have the opportunity to prove your worth in an environment that is both challenging and enjoyable.

If you believe you can add to the strength of our team, please write with full career details to: Jean Richardson, Coopers & Lybrand, Plumtree Court, London EC4A 4HT. Please quote reference FT032.

Coopers & Lybrand Solutions for Business

MicroTouch Financial Controller

Thames Valley c. £45k, + car and share options

MicroTouch Systems Limited, a wholly owned subsidiary of the American parent company, provide marketing, assembly and distribution facilities for their market leading Touch Screen products in Europe.

As a direct result of the rapid growth of our business, we are now seeking to appoint an individual capable of providing the leadership that will make a significant contribution to our business in 1993. Reporting to the Managing Director, you will be expected to provide sound financial stewardship and commercial judgement to the company's activities. In addition you will take day to day responsibility for the administration and operations of the company.

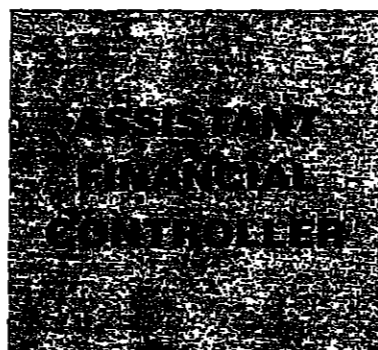
The competitive remuneration package includes private health care, pension, life assurance and career development only a dynamic, rapidly growing company can provide. Interested applicants should write enclosing a full Curriculum Vitae to: The Personnel Manager, MicroTouch Systems Limited, Thame Park Business Centre, Wenman Road, THAME, Oxon. OX9 3PR

Responsibilities will include:

- Providing leadership to the company's assembly and distribution operations.
- Operational and strategic planning, budgeting and forecasting.
- Analysis and budgeting of sales and marketing activities.
- Installing strict financial controls and credit management.
- Providing commercial input to and financial analysis of the business planning process.
- Production of timely and accurate financial information to local and US Management.

Aged 35 to 45, you will be a graduate qualified accountant with the experience of working in high growth, sales and marketing led organisations. You will need to demonstrate strong commercial skills, and experience with hi-tech US companies would be considered a distinct advantage. Well developed interpersonal skills and a hands-on approach are essential.

IT'S NOT ONLY LAWYERS WHO TACKLE LEGAL BRIEFS.



c. £30K London.

It's Legal Aid's job to make sure that quality legal assistance is readily available whenever it's needed. And against this background, we've created this special brief.

Reporting directly to the Financial Controller, you'll provide information and analysis to help facilitate change. Towards enhanced customer service, and towards total quality in our work.

This is not a simple 'numbers' role. Rather, you'll be providing meaningful management information which will support decision-making across the entire organisation. And you'll be involved in a broad range of work, from making forecasts which underpin bids

for public expenditure, to costing strategic projects.

Needless to say, in this senior role within our management team you'll need the priceless ability to cut through numbers and make them talk. That's why

we're looking for a creative thinker with strong reasoning skills. An ACA qualified accountant, with at least 3 years' post qualification experience you'll have a track record of successfully managing small teams and ideally be used to working with computers and Oracle Financial. Most importantly, you'll have an unwavering commitment to quality and customer service. Because it's on these principles that our future will be built.

In return for these skills we're offering generous benefits including an excellent relocation package and promotion prospects which could see you move into main-stream management.

We aim to be an equal opportunity employer and applications from ethnic minorities and people with disabilities are especially welcomed.

For an information pack about this London based appointment, please call Lynda or Paula in our Personnel and Training Department on 071-405 4333 (extension 301 or 298). Closing date for telephone enquiries is 14th January 1993 and for returned applications 20th January 1993.

Legal Aid



FINANCE MANAGER

Berks/Hants Borders

up to £35,000 + benefits

This prestigious international business, engaged in the breeding, training and racing of thoroughbred bloodstock, continues to reap the benefits of a dynamic long term investment programme as it expands further into new overseas markets. Operating from a UK base in rural surroundings, it has a truly international focus on operations in the US, Ireland and Continental Europe. To meet the continuing growth plans, the Finance Director's role has become more strategic, thereby providing an opportunity for a No. 2 to fulfil the day-to-day hands-on financial requirements of the business.

Working closely with the Finance Director, you will be expected to make a significant contribution to increasing the effectiveness of the finance function through improving income and reducing costs, introducing new ways of presenting meaningful financial information to senior management

and ensuring stringent financial controls are maintained.

Ideally aged in your early 30's, you should be a qualified accountant with at least four years' PQE in an international environment. Your career to date should have given you exposure to international treasury and taxation, including VAT, and consolidation of overseas accounts. Computer literate, you will also be familiar with Lotus 1-2-3.

An enthusiastic and motivated individual, you will be able to demonstrate considerable tact and diplomacy, combined with an ability to communicate effectively at all levels. Above all, you must be prepared to make the degree of commitment necessary for continued success in this role.

Please send a comprehensive résumé, including current salary details and daytime telephone number, quoting reference 3283/A to Sue Atkinson, Touche Ross Executive Selection, at the address below.

Touche Ross

MANAGEMENT CONSULTANTS

Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 071 936 3000.

FINANCE DIRECTOR

International Trading

London

Package c.£70,000

A £80 million turnover commodity trading group, which combines an excellent record of profitability with a long standing reputation as a leader in its sectors of the market, wishes to strengthen its top management team by the appointment of a Finance Director with the ability to contribute to the commercial success of the business.

The position is a challenging one, involving everything from group strategy and client liaison to tackling everyday accounting problems and managing a small accounts department. As the group is currently replacing its computer systems, there will also be an important contribution to be made both in the implementation programme and in the subsequent process of ensuring that optimum use is made of the new systems in the efficient management of the group.

Essential requirements are an accounting qualification and experience in the international trading of physical goods, ideally gained in a commodity house. Candidates should be team players, whose careers display both stability and genuine progression, and who have the stature and communicative skills to work successfully with senior trading executives.

Please send a career résumé, including current remuneration and daytime telephone number, quoting reference 3282, to Graham Perkins, Touche Ross Executive Selection, at the address below.

Touche Ross

MANAGEMENT CONSULTANTS

1st Floor, Hill House, 1 Little New Street, London EC4A 3TR. Telephone: 071 936 3000.

GREENPEACE international

FINANCE MANAGER

Our client, Greenpeace, has established itself at the forefront of the global movement for environmental protection. An international programme of campaigns is administered from the global headquarters in Amsterdam and coordinated through national organisations in countries throughout the world.

The international finance function has a vacancy for an experienced Financial Manager in its team. Reporting to the Finance Director, the specific responsibilities will include:

- Management of the international finance department.
- Preparation of monthly reports, accounts and forecasts.
- Control and development of management information systems.
- Assistance in the development of financial policy.
- Analysis of operating variances and control of overhead expenses.

Candidates will either be qualified Accountants or will have extensive practical financial accounting experience. Three years spent in a management position, fluency in written and spoken English, and a strong interest in the 'not for profit' sector are essential qualities.

In return, Greenpeace offers the opportunity to make a truly satisfying and significant contribution to the success of a unique organisation. The salary package is comparable to that of similar industries.

Greenpeace seeks to be an equal opportunities employer.

Please apply directly to Ingrid Flannery at Robert Half, Walter House, 48 The Strand, London WC2R 0PT. Telephone: 071-836 3545. Alternatively fax your details on 071-836 4942.

Amsterdam

London • Birmingham • Windsor
Manchester • Bristol • Leeds
Southampton • Wolverhampton
Brussels • Paris • New York
and 82 offices worldwide

ROBERT HALF
THE HUMAN FACTOR

Group Financial Director Publishing

London

c.£60,000 plus car

for an independent company with a wide variety of interests including magazines and books. The role, which will report directly to the Group Managing Director, will carry not only full financial and management accounting responsibility but also for the management information systems. Candidates, aged 30-40 and formally qualified accountants, will be able to offer substantial experience (say ten years) of finance, costing and computer systems. Knowledge of the publishing sector will be a distinct advantage. As a key member of the management team, the person appointed will have a significant role in formulating business strategy and seizing commercial opportunities. Well developed analytical and communication skills should be complemented by an outstanding people management style. The basic salary of c.£50,000 is supported by a profit related bonus and a substantial benefits package including car. Please write in strict confidence, enclosing c.v., to Alan Rundle, Rundle Brownwood Limited, Highway House, 17 London End, Beaconsfield, Bucks. HP9 2HN.

RUNDLE BROWNWOOD
INTERNATIONAL SEARCH AND SELECTION

Our client, a wholly owned subsidiary of a UK multi-national group, employs 160 people and manufactures specialised building products. The company has achieved consistent sales and profit growth over the past decade and has a current turnover of DM 50 million.

Financial Controller

Package c. DM 160,000
+ car & relocation

Germany - Westphalia

Reporting to the Managing Director, you will be responsible for staff supervision and direction of the financial reporting and management information systems. You will also participate actively in the development of computerised systems throughout the company.

You will be a qualified accountant with sound technical ability and be highly computer literate. Fluency in German is a prerequisite and you must have strong communication skills. You should also be conversant with current accounting and taxation practices in the UK and Germany. Experience gained in manufacturing or contracting industries would be an advantage.

An attractive remuneration package, including profit related bonus will be offered in the region of DM 160,000; other benefits will include car, pension scheme and financial assistance with relocation where appropriate.

Confidential Reply Service: Please write with full CV quoting reference M728 on your envelope, listing separately any company to whom you do not wish your details to be sent. CV's will be forwarded directly to our client who will conduct the interviews.

Barkers, Barkers House, 93 Broad Street, Birmingham B15 1AU.

Barkers

Finance Director

NORTH EAST BASED

The Sage Group plc, is a leading supplier of accounting software and computer forms with five operating subsidiaries in the UK, France and the USA.

The internal promotion resulting from the continued growth of the Group has created a challenging opportunity for a new Finance Director designate. Initially, the successful candidate will join the board of the principal UK subsidiary, but with overall responsibility for Group accounting and monitoring of subsidiary company performance.

The Finance Director is expected to play a key role in acquisitions, strategic planning, developing Group accounting control systems and relations with city institutions. He or she will be an important member of the top management team and will have every opportunity to influence the growth and direction of the business.

To succeed in this role, you will be a Chartered Accountant with demonstrable experience in a highly dynamic business environment; good inter-personal skills are a must in order to fit in with a highly motivated team and provide strong leadership to subsidiary company Finance Officers. Experience in a public company finance environment is highly desirable.

The highly attractive salary package reflects the importance we attach to this post. To apply, please send your full c.v. to:

Alison Brown, Human Resources Manager,
The Sage Group plc, Sage House, Benton Park Road,
Newcastle upon Tyne NE7 7LZ.

Closing date for applications 15th January 1993

SAGE
THE SAGE GROUP PLC

VERNONS POOLS

FINANCIAL CONTROLLER

£230,000 + CAR + BENEFITS

MERSEYSIDE

Vernons Pools, with an annual turnover of £160m and a client base exceeding 2 million per week is seeking to strengthen its management team in the critical area of Financial Control.

Naturally, in a business of this nature financial disciplines have to be even more stringent than normal, and this key role in the Vernons Organisation will provide rewarding new challenges for an ambitious Accountant.

Reporting to the Finance Director, you will have overall day-to-day control of the accounts departments responsibility for its efficient operation and all reporting functions, and for the preparation of statutory accounts.

A qualified Accountant, you should have had at least five years experience in a senior role within a commercial operation, first-class communication skills and a thorough knowledge of taxation matters.

The position will provide excellent opportunity to develop in a growing business environment and a highly attractive package.

To apply, please send a detailed CV to Jane Goldsmith, Dial Consultancy Services, 2 Dial Street, Warrington WA1 2NX. Tel: 0925 232974. Fax: 0925 232975.

A Ladbrooke Group Company

Finance/ Administration Controller, Europe

Household And
Educational Products

M4 Corridor

£40,000 - £45,000
Plus Car And Benefits

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, LEEDS, LONDON,
MANCHESTER, NEWCASTLE, WINDSOR and representation throughout EUROPE

FINANCIAL DIRECTOR

A major group located in the North of England with a turnover in excess of £50m is seeking a Qualified Group Financial Director to be responsible for the financial control of the group, reporting directly to the Chairman.

The Group consists of a number of subsidiary companies, each with its own managerial control, including Managing Director and Accountant. The Financial Director will be appointed to the main board after a period of time.

He will have a strong hands-on approach and be responsible for co-ordinating the activities of the various company accountants.

The above position, in a successful but demanding company, carries an attractive salary and benefit package. Assistance to relocate will be provided where appropriate.

Applications with a detailed C.V. should be forwarded to: Box A668, Financial Times, One Southwark Bridge, London SE1 9HL.

LESOTHO HIGHLANDS DEVELOPMENT AUTHORITY CHIEF INTERNAL AUDITOR

The Lesotho Highlands Water Project is one of the world's major multipurpose water supply and hydro projects. Construction of Phase 1A commenced in 1987 and is scheduled for completion in 1997. Preparations are now commencing for Phase 1B of the Project. The Project will ultimately provide approximately 40% of the water supply requirements of the PWV area of South Africa and make Lesotho essentially self sufficient in the production of electric power.

Finance for the project is being provided by a wide range of multilateral and bilateral donors, export credits agencies and commercial banks in Southern Africa region and overseas.

The Lesotho Highlands Development Authority was established by the Government of the Kingdom of Lesotho in 1986 to implement, operate and maintain the proportions of the project which are located in Lesotho.

Reporting to the Authority's Chief Executive, the Chief Internal Auditor will be responsible mainly for the following:

• To establish by means of internal audit the extent to which the Authority complies with relevant requirements, procedures and objectives, and to report thereon.

• To develop a comprehensive, practical programme of internal audit in respect of all functions of the Authority.

• To liaise with Authority's External Auditors that so far as practical the work performed may be mutually complementary.

The Applicant should be a Qualified Accountant or Certified Internal Auditor both with not less than seven years post graduate experience including internal auditing at a senior level, and construction industry/ civil engineering project experience.

Suitable applicants should submit their curriculum vitae at least before the end of February 1993 to:

The Chief Executive, Lesotho Development Authority, P.O. Box 7332, Maseru, Lesotho. Phone (266) 311282 Fax (266) 310060

Product Controller (Manager) £30-£35k+car+pm subs+bonus

Trans-Atlantic bank req a qual ACA with min of 2 yrs exp working in a capital market/fixed income environment who is familiar with the concepts of swaps, options and bonds. You will be supervising 8 staff in reg reporting, product ac and risk mgmt. O/S travelling and trader liaison is expected.

Contact Kenneth Keen of City Financial Ltd (Rec Com)

Tel Nos. 071 628 6663/0831 679188

Publishing

BUSINESS ANALYST

Essex/Herts borders

£37,500 + car
+ bonus

Our client, Longman, is one of the world's leading information and education publishing groups and forms a significant part of the information and entertainment interests of Pearson plc. The group is continuing to develop throughout its UK and international markets.

Providing a financial analysis service to senior management of two major publishing divisions, the Business Analyst will appraise business performance and contribute to its enhancement. Reporting to the UK Finance Director, he or she will additionally review new business opportunities, including acquisitions, joint ventures and projects. Based in Harlow, the Analyst's high profile within the group should lead to promotion opportunities in either financial or commercial management.

Likely to be around 30, applicants should be commercially aware graduate accountants with proven analytical experience and excellent communication and pc skills.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/56/F.

LONDON

£45,000 + PACKAGE

Financial Controller

This is a new role and a key appointment in the continuing development of this highly entrepreneurial, market-led insurance Group. Significant growth during the last eighteen months has increased funds under management to over £1bn, with plans to continue to build on this success in the future.

As Financial Controller of the life assurance company you will assume responsibility for all aspects of financial management, reporting to the Group Finance Director you will be supported by an experienced team, comprising around 30 staff. In this hands-on role, you will give financial direction to the company, ensuring that sound financial controls and effective systems are in place to meet current and future needs.

A qualified accountant, aged 35-45, you should possess broad based financial skills and previous

experience of senior line management gained within the life assurance sector. You will require well developed man management skills combined with the ability to work with a demanding and exceptionally committed management team.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Ann Shepherd, Coopers & Lybrand Executive Resourcing Ltd, 76 Shoe Lane, London EC4A 3JB, quoting reference AS962 on both envelope and letter.

Coopers & Lybrand Executive Resourcing

Group Finance Director

West Midlands

Executive Package

TRIPLEX LLOYD

Our client, Triplex Lloyd plc is an industrial engineering Group serving the automotive, power, construction and engineering markets of Europe and North America. It is a dynamic and innovative organisation with a strong growth record. Annual turnover has increased from £27 million in 1985, to approximately £160 million at present.

The company wishes to appoint a Group Finance Director to replace the recent incumbent, who took up the role of Group Managing Director on 1 January 1993.

Reporting to the Group Managing Director, the successful candidate will assume full responsibility for the financial management of the Group and will assist in ensuring effective deployment of its financial staff. Specific duties will include responsibility for the preparation of the Group's budget and cash forecasts, ensuring effective budgetary control and sound treasury management and liaising with the audit committee and external auditors to ensure that statutory requirements are satisfied. In addition, the successful candidate will work closely with Divisional Finance Directors and the Group Financial Controller to provide relevant financial analysis to the Board. The Group Finance Director will be expected to be the principal point of contact with the Group's bankers and auditors

and will assist the Chairman and Group Managing Director in the development of investor relations.

This demanding role requires a professionally competent individual with exceptional personal qualities and added 'value'. It is important that the Group Finance Director is a strong team player since he/she will be working with a number of highly motivated colleagues. Commitment, enthusiasm and an assertive and confident personality are the essential characteristics for success in this position. It is essential that the appointee is a chartered accountant who has group financial control experience, ideally gained over several years in an industrial based Group.

Our client is offering an excellent remuneration package which is designed to attract, retain and reward.

Interested applicants please write, quoting reference B/407/93, with full career and salary details, to Steven French.

KPMG Executive Selection
Post House, 2 Cornwall Street, Birmingham B3 2DL.

BESSELAAR

Opportunities for young qualifieds in developing specialist services business Maidenhead and Leeds

GH Besselaar Associates is a world leading services business whose activities encompass all phases of clinical testing and the development of new drugs. An important specialist division of Corning Inc, Besselaar's operations have grown significantly in recent years.

The European management is centred at Maidenhead and the Financial Controller is seeking a young CA to work with him developing accounting and reporting within Europe. Experience of international businesses and of networked systems will be a definite advantage. Language skills will also be useful as there will be regular travelling within Europe.

Besselaar's clinical research unit at Leeds is the leading residential testing unit in Europe. Its revenues exceed £5m per annum and a young qualified accountant is required to join the management team at this key profit centre. Although liaising with Maidenhead and other parts of the Group, this role has local autonomy and makes an important contribution to the effective running of the business.

Attractive salaries, complemented by a first class package, are on offer for both appointments. Whilst specialised, Besselaar is a strongly led commercial business with a deservedly high reputation with the pharmaceutical majors. These appointments reflect Besselaar's success in Europe and Corning's strong commitment to further growth.

To apply, please write, enclosing a CV, to Mike Smith, MS Selection, Woodhurst, Goldharbour Lane, Pyrford, Woking GU22 8SL. Interviews for the Leeds role will be held in Yorkshire.

MS selection

Appointments Advertising appears every Wednesday
& Thursday (UK) and Friday (Int'l only)

EUROPEAN FINANCIAL ANALYST

Highly Competitive Salary Package

Berkshire



CONCURRENT COMPUTER CORPORATION IS A WORLD LEADER IN THE MANUFACTURE AND SUPPLY OF COMPUTER SYSTEMS FOR REAL TIME APPLICATIONS. ESTABLISHED FOR OVER 25 YEARS THEY NOW OPERATE SEVENTEEN SUBSIDIARY COMPANIES WORLDWIDE WITH THE GLOBAL HEADQUARTERS BASED IN THE UNITED STATES. WITH A DIVERSE CLIENT BASE THAT RANGES FROM AEROSPACE TO FINANCIAL INSTITUTIONS TO HEALTHCARE THEY ARE WELL POISED TO CONTINUE BUILDING ON THEIR SUCCESSFUL RECORD TO DATE.

AS A RESULT OF A RECENT RESTRUCTURING PROGRAMME THEY ARE NOW SEEKING A HIGH CALIBRE INDIVIDUAL TO WORK AS THE EUROPEAN FINANCIAL ANALYST. REPORTING DIRECTLY TO THE EUROPEAN FINANCE DIRECTOR THE POSITION WILL BE BASED IN BERKSHIRE AND WILL REQUIRE EXTENSIVE TRAVEL TO EUROPEAN SISTER COMPANIES.

THE ROLE IS HIGH PROFILE AND WILL PROVIDE AN EXCELLENT CHALLENGE TO A COMMERCIALLY AWARE QUALIFIED ACCOUNTANT WITH AT LEAST TWO YEARS POST QUALIFICATION EXPERIENCE IN A MANAGEMENT OR OPERATIONAL POSITION. THE SUCCESSFUL APPLICANT WILL BE A HIGHLY CONFIDENT INDIVIDUAL WITH A DIPLOMATIC APPROACH AS THERE WILL BE EXTENSIVE LIAISON AT SENIOR MANAGEMENT LEVEL. HIS/HER CAPACITY FOR PROBLEM SOLVING AND ABILITY TO PRODUCE ACCURATE AND MEANINGFUL FINANCIAL INFORMATION WILL BE TESTED TO THE FULL. IT IS ESSENTIAL THAT THE SUCCESSFUL APPLICANT BE COMPUTER LITERATE AND FLUENT IN ONE OR MORE EUROPEAN LANGUAGES WOULD ALSO BE ADVANTAGEOUS. REF: DW/33/93

INTERESTED APPLICANTS WHO FEEL THEY POSSESS THE QUALITIES REQUIRED SHOULD TELEPHONE DOMING WADE ON 0734 560800 (FAX 0734 583120) OR ALTERNATIVELY WRITE ENCLOSED A DETAILED CV TO: WADE MACDONALD LTD, FINANCIAL RECRUITMENT SPECIALISTS, 22 CROSS STREET, READING, BERKSHIRE RG1 1SN.

Audit Manager

Europe Middle East Latin America

BRUSSELS

£45,000 PLUS CAR

Our client, with worldwide sales in excess of \$22 billion, is a US multinational with a diverse product range spanning middle to high technologies. Each individual business area boasts a history of market leadership.

Due to internal promotion, the need has now arisen to appoint an outstanding individual to join the regional audit team based in Brussels. Activity extends beyond Europe to the Middle East and Latin America and encompasses over 90 manufacturing and distribution units with combined revenues in excess of \$4.5 billion. Reporting to the Regional Audit Manager, you will be responsible for supervising professionals in the conduct of financial and operational audits as well as assisting in the management of the European regional office including budgeting, training and recruiting.

A graduate Chartered Accountant, probably between 30 and 35 years of age, you must have a minimum of five years' post qualification experience, preferably including some line management exposure. You must be comfortable communicating at the highest management levels, both in English and at least one other European language.

You must be willing to travel (40% content) and be actively interested in pursuing a post-audit career which may not initially be UK based. Promotion will be rapid and the rewards outstanding for those candidates who can combine an international spirit with a highly developed commercial, results-orientated nature.

Interested applicants should write to Rod Bailey enclosing a detailed CV at Nicholson International, Search and Selection Consultants, Africa House, 64/78 Kingsway, London WC2B 6AH, quoting reference number 9721 or fax your details on 071-404 8128, or telephone 071-404 5501 for an initial discussion.

NICHOLSON INTERNATIONAL



Construction Industry - Management Accountant

The Ringway Group is a diverse highway maintenance and road traffic sign manufacturing group operating throughout England, and recent acquisitions have created the requirement for a qualified accountant to join the management team based at the Group's head office in Horsham, West Sussex. The position will report to the Group Finance Director but will require considerable involvement with the operating management within the group to ensure the accurate and timely preparation of management information. It is envisaged that considerable travel will be involved. The successful candidate will have experience of the Construction Industry, be computer literate, self motivated and have the ability to liaise with employees at all levels within the organisation. The preferred age range for the position is 25-35 and an attractive remuneration package will be negotiated with the successful candidate.

Please reply to: Roger Pennock, Group Finance Director, Ringway Limited, Ringway House, 72 Brighton Road, Horsham, West Sussex RH13 6BU.

KICK Sportswear Accountant £30K

We are one of the leading companies in the licensed sportswear industry in the UK and are expanding into Europe. Our turnover this year will be in excess of £10m

We have recently been bought out by a Public American Corporation which is in the same industry in the USA. For this reason we need to make a new appointment.

You will be taking over the complete control of our small accounts department as well as the total responsibility for all budgeting, reporting and planning functions of the company. We are a go ahead company and need someone not afraid of hard work and a real challenge.

The suitable applicant will have the following attributes:

- Qualified Accountant
- Experience in the garment industry
- 3 to 5 years experience with one of the big 6
- Good knowledge of PCs using Tera accounting software
- 3+ years industrial experience
- Good spreadsheet knowledge
- Experience in manufacturing industry using standard costing systems
- Good communication/management skills

Please reply with full details of your experience in the above areas together with full CV to Sarah Dwyer at:

Kick Sportswear, Unit 2, St Georges Ind Est, Kingston Upon Thames KT2 5BQ

OECD PRINCIPAL INTERNAL AUDITOR OECD - PARIS

The Organisation for Economic Co-Operation and Development requires a Principal Internal Auditor to be responsible for assisting the Financial Controller in supervising all financial and budget operations of the Organisation, for conducting internal audits and evaluating and advising on controls of computerised systems. Work will be carried out in Paris.

Candidates should have:

- Chartered accountancy qualifications and a university degree preferably in business administration;
- Several years' professional experience with a major accounting firm, a large corporation, a bank, a relevant national administration or an international organisation;
- Very good knowledge of computerised accounting and management information systems and experience in using computer-assisted audit techniques; thorough understanding and experience of all main aspects of data processing, including computer security and controls in computer systems;
- Very good knowledge of English and French.

An appointment is offered for an initial period of 3 years. Salary of around 400,000 French Francs per annum according to experience, plus allowances according to family and residence situation.

Applications from male or female candidates, national of OECD Member countries, with detailed curriculum vitae specifying "Principal Internal Auditor" should be sent to:

OECD
2 rue André-Pascal
75775 Paris Cedex 16

Closing date for applications: 15th February 1993

CROSBY SECURITIES Financial Accountant

Crosby Securities is one of the leading institutional stockbroking specialists in the Asian region. Headquartered in Hong Kong, Crosby now has 12 offices worldwide. It sells Asian equities in Europe through Crosby Securities (UK) Limited, a member of the London Stock Exchange.

Continued growth has created the need for a new appointment in London. Initially, the Financial Accountant will take on responsibility for all accounting, compliance and company secretarial matters for Crosby Securities (UK) Limited. Later, accounting services for the group are envisaged.

The successful candidate is likely to be a qualified accountant with experience of the financial services industry. Versatility, energy and a natural "hands-on" approach will be essential for this position. Remuneration will be commensurate with experience.

Interested applicants should submit C.V.'s to:

Graeme Marshall
Crosby Securities (UK) Limited
3/F, 95 Abchurch Lane
London EC4N 3JF

CROSBY SECURITIES
A LEADING FORCE IN ASIAN STOCKBROKING

TRAINEE FUND MANAGER CITY

M&G Investment Management Limited manages £9 billion of funds for a variety of clients. It is one of the largest and most successful independent fund managers and is undertaking new initiatives to grow its business. We are currently looking for a Chartered Accountant with one year post qualification experience to join our investment team with the aim of taking responsibility for funds after a period of training.

The ideal candidate will be a graduate with a good academic record and a variety of business experience. Good analytical and communication skills are essential. The successful candidate will be expected to study for the Institute of Investment Management and Research Associate Examinations.

This challenging role will be rewarded by a competitive salary and benefits package. Please write in confidence with your C.V. to Christopher Rew, M&G Investment Management Limited, Three Quays, Tower Hill, London EC3R 6BQ.



FINANCIAL CONTROLLER

to £35,000 + Profit Share + Quality Car London

Our Client is a specialist international publisher enjoying sustained growth with an enviable reputation for innovation. This has culminated in market leadership. The future development of the group necessitates the appointment of a Financial Controller to work with the board to ensure the realisation of key commercial objectives.

Reporting to the Finance Director, you will assume day to day responsibility for the management of the finance function, paying particular attention to management reporting, systems development and ensuring that the finance function contributes to the overall success of the business. People motivation is a critical aspect of the role.

Ideally, you will be a qualified accountant with a minimum of three years' experience in a medium size group. Committed to line management, a major strength must be the ability to influence non financial managers.

Please reply, in confidence, to:

Stephen Williams
CEDAR International,
15 Bloomsbury Square,
London WC1A 2LJ.
Telephone 071-831 8383.



Commercial Director

Brentford circa £35,000 plus car

Our client is a successful, expanding PLC with an annual turnover in the region of £100m. The group has interests in several sectors and is currently seeking a Commercial Director for one of its divisions - a well-respected, rapidly growing leader in a specialist sector of the plastic packaging industry. The division, which has recently been re-structured, operates from three sites and has an annual turnover of £12m. A new and enthusiastic management team is being put in place in anticipation of continued expansion.

This broad, newly created role will be pivotal in the continued success and commercial development of the division. Reporting to the Managing Director, you will be responsible for 10 staff in the finance and planning functions. You will be involved in negotiations and decision-making, bringing commercial breadth to the areas under your control.

To effectively meet the demands of this challenging role you will need to be a highly competent qualified accountant with broad commercial experience gained in a manufacturing environment. In your mid to late thirties, you will be an enthusiastic team-player with a strong personality, good communication skills and a practical, pragmatic, profit-orientated approach.

BDO CONSULTING

If you are the self-starter we seek please write in confidence to Richard Holland, quoting reference 1706. Please include full salary details and a daytime contact number. BDO Consulting, 20 Old Bailey, London EC4M 7BH.



Financial Director BOURNEMOUTH

Melson Wingate is a long established retail optical company with over 50 branches which are serviced by its own factory. The group turnover is about \$11m and we have a reputation for professionalism and product excellence.

We have a need for a Financial Director, aged between 30 and 50, who will not only head up the accounting function but also provide the Company with the expertise to develop the information and accounting systems necessary to provide steady relevant information about all aspects of our current activities.

The qualified accountant appointed should be able to combine professional hands on accounting, broad commercial acumen and conceptual strategic thinking. A full understanding of and experience in a retail environment is essential. We look for someone who is decisive, articulate, self-confident and who will contribute fully at board meetings.

The comprehensive remuneration package includes a basic salary, a profit related bonus, excellent health and pension benefits together worth in excess of \$40,000. A company car will also be provided.

Please apply in writing enclosing a full CV and stating current salary to: Nigel Wingate, Melson Wingate Ltd, 31 Abbot Road, BOURNEMOUTH BH9 1EZ.



NEW DEVELOPMENT BUDAPEST Financial Controller

International Quick Service Restaurant company with offices in Budapest seeks to engage a financial controller, based in Budapest, to join in the future development of the company and franchise system. Candidate qualifications:

- Min 5 years qualification plus international accounting practice experience

- English fluent, German/Hungarian preferred

- Competent knowledge of cash management/cash flow

- Computer literate, knowledge of spreadsheet

Please send CV and salary history to: Box A667, Financial Times, One Southwark Bridge, London SE1 9HL

FINANCIAL EXECUTIVE

Experienced Finance Director (FCA, 44) in international service and manufacturing sectors seeks challenge, part time or full time in dynamic environment. Write to Box A639, Financial Times, One Southwark Bridge, London SE1 9HL

COMMERCIAL DIRECTOR PRINTING

We are a successful general printing and plastic card manufacturer, looking for a director to fulfil a key role in our expansion plans. Responsibilities will include finance, purchasing, production planning, scheduling, personnel and legal affairs. In addition the director will be expected to contribute to the development of the group's commercial strategy.

Candidates must have relevant experience at a senior level, preferably within the printing industry, coupled with a business or technical qualification.

As part of a growing publicly quoted company we can offer an attractive remuneration package which should prove of interest to an ambitious professional.

Applications please to:

Max Scott, Managing Director
Hythe Offset
Graphic House, Telford Way, Severalls Park, Colchester, Essex CO1 4QP.

FINANCIAL TIMES

Vous fait part d'un accord publicitaire avec les ECHOS le quotidien économique le plus important en France. Dans la rubrique "Offres d'emploi Internationales", une annonce conjointe dans le FINANCIAL TIMES et les ECHOS augmentera de façon substantielle l'impact de votre message sur les cadres dirigeants en Europe. Chaque semaine les annonces paraîtront dans les Echos le mardi et dans le Financial Times le mercredi ou le jeudi (le vendredi dans l'Edition Internationale du Financial Times). Pour de plus amples renseignements, veuillez contacter:

CLARE PEASNELL
071 873 4027

Early losses halved before the close

By Terry Byland, UK Stock Market Editor

THE Bundesbank kept the London stock market guessing yesterday, failing to cut its key lending rates but then reducing money market repurchase rates. UK blue chip stocks, down by 20 points on the FT-SE 100 scale just before noon, halved their losses before the end of the session. Second tier stocks continued to move steadily higher as investors bought the smaller capital goods and consumer issues, which are expected to show the first benefits from recovery in the domestic economy. Retail trading volume, which shows the degree of investor activity in equities, remained high, recording a money value of £1.35bn on Wednesday: daily retail totals have begun to move above the levels recorded in the final quarter of 1992, themselves significantly better than earlier in the year.

At the final reading the FT-SE index was down 9.5 at 2,816.5, having touched 2,805.5 earlier in the day. The initial selling bout was strengthened by technical selling of Footsie stocks by securities houses arbitraging against the March contract on the FT-SE index. At least three sizeable trading programmes went through the stock market as arbitrage positions were unwound.

The FT-SE Mid 250 Index, however, never looked back after a firm opening and ended the session 21 points ahead at a new all-time high of 2,940.3. The wits remarked that the Mid 250 Index was benefiting at the expense of a future contract - Smith New Court, the UK marketmaker, intends to plug this gap but its new Mid 250 future made a very quiet debut yesterday.

UK traders refused to be upset by international developments, largely ignoring increasing tensions over Iraq. The cut in German repo rates was seen as a move in the right direction and lower rates in the Netherlands and Switzerland also encouraged London expectations that interest rates are headed downwards. The doubling of overnight lending rates in Ireland came

well after the close of the UK stock market. Seaq volume increased to 755.7m shares from the 701m of the previous session, reflecting both the arbitrage trading programmes in Footsie stocks and the continued demand for the second tier issues.

The absence so far of the much-rumoured rights issues helped sentiment, and underlying buoyancy was also

reflected in renewed bid speculation, albeit among some well-known takeover favourites. In banks, TSB resumed its place as target for a range of rumoured bid predators.

Optimism for recovery in the economy was encouraged by a trading report from Kwik Save, a leading retail discount group, and by reports of good Christmas trading by leading stores in the US. Many analysts believe that the shakeout in UK equities is little more than an expected bout of profit-taking in a stock market set on a bullish course.

At Nomura Research Institute, Mr Nicholas Knight, one of the most bullish strategists, rejected suggestions that the market was over-bought. He sees sterling's strength and developments in German rates as raising the probability of a further decline in UK base rates. A firm pound will also reduce fears that overseas investors will back away from the expected flood of UK government funding and equity rights issues.

TRADING VOLUME IN MAJOR STOCKS										
Volume	Change	Day's	Volume	Change	Day's	Volume	Change	Day's	Volume	
Value	Price	Change	Value	Price	Change	Value	Price	Change	Value	
ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000
ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000
ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000
ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000
ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000
ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000
ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000
ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000
ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000	+12	ASDA	4,000

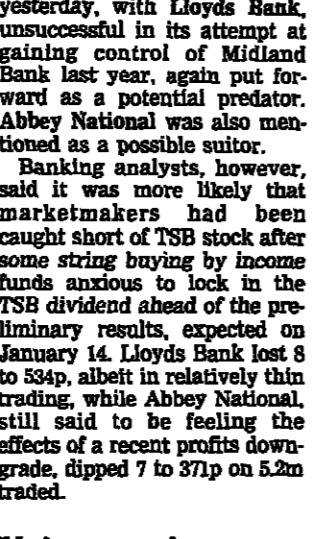
TSB rises on talk of takeover

TSB banking a generally weak bourse after the market ignored continuing worries about bad debts and today's one-day strike by the staff in protest against job losses, and concentrated on another burst of takeover speculation and rumours of asset disposals.

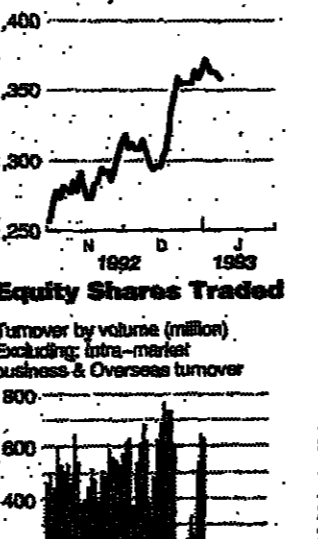
Shares in TSB have been restrained in recent sessions as strike worries built up. But yesterday saw a bout of heavy buying in the stock which took it to 181 1/2p at one point, with marketmakers reporting speculation that the bank could be about to announce the sale of its Hill Samuel merchant bank - possibly to a European bidder for around £200m. TSB launched a bid for Hill Samuel just before the great crash in October 1987 and eventually paid more than £70m for the merchant bank. It subsequently suffered heavy losses. At the close TSB was 6 higher at 185p after turnover of 10m shares.

The takeover stories, which

FT-A All-Share Index



Equity Shares Traded



net 22 off at 710p, having been as low as 705p at one point. Turnover rose to 1.4m shares. Highly geared Bank of Scotland softened 2 to 704p as the old rumours of rights issues returned, although they found little credence with analysts. More likely, it is suggested, is Stakis, whose results at the end of the month are expected to be another positive step on the group's road to recovery. With high debts the hotel group is expected to announce either a cash call, or the disposal of its casinos or nursing homes, or both. The shares put on 3 at 44p.

Embattled Owners Abroad gained 2 at 123p after widespread suggestions that it will need a higher bid from rival Airtrons to win the 11 to 29p.

Food distributor Booker jumped 26 to 434p as the company hosted a series of meetings with institutions. Investors were said to have been reassured over prospects for the dividend, which was thought to be under pressure, and other aspects of the group's business. Kleinwort Benson was also reported to have been positive on the stock.

Kwik Save's announcement at the age of its sales increase was already in the price and the shares slipped 3 to 800p.

Shares in Mirror Group Newspapers remained strong, helped by a buy note from Kleinwort Benson. There was also talk of stake-building by Mr George Soros, the private investor, whose Quantum Fund vehicle is said to have taken a 2.75 per cent holding. The shares rose 4 to 97p.

News of a £4.5m contract to supply turnkeys for satellite image processing and suggestions that a number of leading brokers are about to lift their current year profits from some £21.5m to £25m, triggered renewed strong support for Cray Electronics. The shares, already at their highest level for around 2 1/2 years, jumped 10 1/2 to 126 1/2p on turnover of 5.5m.

Delta surged 13 to 431p, with analysts tugging the view that the company offers all the strengths of BICC but without the drawbacks of property/construction exposure.

Account Dealing Dates

ar sales and marked motor distributor shares sharply higher. Appleyard Group moved forward 10 to 95p. Evans Halsbury 5 to 243p. Baxendale 115p and Healey 9 to 96p. Ray Vardy, however, lost 8 to 125p after the 9 per cent fall in profits.

A Williams de Broe recommendation to switch out of Johnson Matthey and Into Charter Consolidated, coupled with vague takeover stories, drove Charter shares sharply higher. They closed a net 37 p at 655p.

MARKET REPORTERS:
Christopher Price,
Steve Thompson.

Other market statistics,
page 18

NOTES & FIGURE - Cont.

INVESTMENT TRUSTS - Cont.[illegible]

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MERCHANT BANKS

OIL & GAS - Cont.**PACKAGING, PAPER & PRINTING - Cont.**

TELEPHONE NETWORKS

MINES - Cont.

MERCHANT BANKS									
Symbol	Price	Change	Volume	High	Low	Open	Close	Settle	Notes
Bank of America	100.00	+0.12	100	100.12	99.88	100.00	100.12	100.12	
Bank of Montreal	98.50	+0.05	50	98.55	98.45	98.50	98.55	98.55	
Bank of New York	102.00	+0.10	120	102.10	101.90	102.00	102.10	102.10	
Bank of Toronto	95.00	+0.08	80	95.08	94.92	95.00	95.08	95.08	
Bank of the West	101.00	+0.05	90	101.05	100.95	101.00	101.05	101.05	
Bank of the South	99.00	+0.03	70	99.03	98.97	99.00	99.03	99.03	
Bank of the North	103.00	+0.15	110	103.15	102.85	103.00	103.15	103.15	
Bank of the East	97.00	+0.02	60	97.02	96.98	97.00	97.02	97.02	
Bank of the Middle	100.50	+0.07	95	100.57	100.43	100.50	100.57	100.57	
Bank of the West	101.50	+0.06	105	101.56	101.44	101.50	101.56	101.56	
Bank of the South	99.50	+0.04	85	99.54	99.46	99.50	99.54	99.54	
Bank of the North	102.50	+0.12	115	102.62	102.38	102.50	102.62	102.62	
Bank of the East	97.50	+0.03	75	97.53	97.47	97.50	97.53	97.53	
Bank of the Middle	100.75	+0.08	100	100.83	100.67	100.75	100.83	100.83	
Bank of the West	101.75	+0.07	110	101.82	101.68	101.75	101.82	101.82	
Bank of the South	99.75	+0.05	90	99.80	99.70	99.75	99.80	99.80	
Bank of the North	102.75	+0.14	120	102.89	102.61	102.75	102.89	102.89	
Bank of the East	97.75	+0.04	80	97.79	97.71	97.75	97.79	97.79	
Bank of the Middle	100.99	+0.09	105	101.08	100.90	100.99	101.08	101.08	
Bank of the West	101.99	+0.08	115	102.07	101.91	101.99	102.07	102.07	
Bank of the South	99.99	+0.06	95	100.05	99.93	99.99	100.05	100.05	
Bank of the North	102.99	+0.16	125	103.15	102.83	102.99	103.15	103.15	
Bank of the East	97.99	+0.05	85	98.04	97.94	97.99	98.04	98.04	
Bank of the Middle	101.19	+0.10	110	101.29	101.09	101.19	101.29	101.29	
Bank of the West	102.19	+0.09	120	102.28	102.10	102.19	102.28	102.28	
Bank of the South	100.19	+0.07	100	100.26	100.12	100.19	100.26	100.26	
Bank of the North	103.19	+0.18	130	103.37	103.01	103.19	103.37	103.37	
Bank of the East	98.19	+0.06	90	98.25	98.13	98.19	98.25	98.25	
Bank of the Middle	101.39	+0.11	115	101.50	101.28	101.39	101.50	101.50	
Bank of the West	102.39	+0.10	125	102.49	102.29	102.39	102.49	102.49	
Bank of the South	100.39	+0.08	105	100.47	100.31	100.39	100.47	100.47	
Bank of the North	103.39	+0.20	135	103.59	103.19	103.39	103.59	103.59	
Bank of the East	98.39	+0.07	95	98.46	98.32	98.39	98.46	98.46	
Bank of the Middle	101.59	+0.12	120	101.71	101.47	101.59	101.71	101.71	
Bank of the West	102.59	+0.11	130	102.70	102.48	102.59	102.70	102.70	
Bank of the South	100.59	+0.09	110	100.67	100.50	100.59	100.67	100.67	
Bank of the North	103.59	+0.22	140	103.81	103.37	103.59	103.81	103.81	
Bank of the East	98.59	+0.08	100	98.67	98.51	98.59	98.67	98.67	
Bank of the Middle	101.79	+0.13	125	101.92	101.66	101.79	101.92	101.92	
Bank of the West	1								

OTHER UK UNIT TRUSTS									
Unit Trust	Manager	Investment Objective	Assets Under Management (£m)	Units in Issue (m)	Unit Price (£)	NAV (£)	YTD %	1Y %	3Y %
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● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

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MONEY MARKET FUNDS

Money Market Trust Funds

Trust Fund	Assets	Net Assets	Units	Price	Yield
CAF Money Management Co Ltd	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
The COIF Charities Deposit Account	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of America	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of England	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Ireland	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Scotland	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Wales	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Cyprus	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Greece	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Spain	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Portugal	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of France	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Italy	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Germany	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Netherlands	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Belgium	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Luxembourg	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Switzerland	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Austria	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Czech Republic	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Slovakia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Hungary	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Poland	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Czechia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Slovenia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Croatia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Serbia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Montenegro	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Bosnia and Herzegovina	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Macedonia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Bulgaria	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Romania	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Albania	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Kosovo	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of North Macedonia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Serbia and Montenegro	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Bosnia and Herzegovina	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Macedonia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Bulgaria	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Romania	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Albania	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Kosovo	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of North Macedonia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Serbia and Montenegro	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50

Money Market Bank Accounts

Bank Account	Assets	Net Assets	Units	Price	Yield
Bank of America	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of England	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Ireland	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Scotland	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Wales	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Cyprus	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Greece	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Spain	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Portugal	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of France	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Italy	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Germany	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Netherlands	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Belgium	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Luxembourg	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Switzerland	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Austria	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Czech Republic	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Slovakia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Hungary	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Poland	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Czechia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Slovenia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Croatia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Serbia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Montenegro	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Bosnia and Herzegovina	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Macedonia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Bulgaria	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Romania	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Albania	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Kosovo	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of North Macedonia	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50
Bank of Serbia and Montenegro	£1,000,000,000	£1,000,000,000	1,000,000,000	1.00	5.50

FOREIGN EXCHANGES

Optimism over German move

THE FRENCH franc appreciated above the FF3.40 level against the D-Mark yesterday after the Bundesbank announced a cut in its main money market dealing rates, writes James Blitz.

The Bundesbank did not cut any of its officially posted rates yesterday. But a 15 basis point cut in the rate at which it offers fixed rate repurchase agreements, to 8.60 per cent, was hailed by some dealers yesterday as an extremely significant move.

Some argued that it may have ensured that the franc avoids devaluation and that the European Exchange Rate Mechanism will remain intact this year. "This marks the passing of the peak of the pressures in the ERM," said Mr Avinash Persaud, a currency economist at UBS Phillips and Drew in London. "It is the first clear sign that, when pushed to the limit, the Bundesbank will act to support the French franc."

Other market participants were not as enthusiastic. A leading fund manager in London who had taken a particularly bearish view about the franc's prospects, said he now felt "a little more comfortable" about holding the French currency.

But he added: "If there is no more easing in the repo rate within two weeks, the pressure on the system will return. Today's move has kept the pressure off for a week or two but no more."

The spontaneous reaction of currency dealers to the move was clearly positive. The franc rallied above the level of FF3.40 to the D-Mark for the first time since Christmas, and closed at FF3.3960.

However, the prospects of the Irish punt avoiding a devaluation appeared to dealers to be even sadder, despite the determination of Dublin's political leaders to hold the currency.

At the end of ERM trading, the central bank raised overnight rates from 50 per cent to 100 per cent as the currency traded for the second day running below its ERM floor against the Belgian franc.

How likely is the Bundes-

bank to ease policy again by the beginning of March?

Miss Alison Cottrell of Midland Global Markets believes that the Bundesbank will wait the outcome of talks on the German budget and the wage round talks over the next fortnight. She believes that, if the budget deal is resolved, an official rate cut could come at the council meetings on February 4th or 18th.

The strong dollar may bring residual pressure on the Bundesbank not to ease because of fears of imported inflation.

Some dealers were at a loss to explain why the dollar did not break above DM1.6386 on a day that the Bundesbank eased and the weekly jobless figure showed a drop to 281,000 in the week to December 26 from a 331,000 the week before.

Rumours that the Bundesbank has been selling dollars in recent days because of inflationary concerns, but this could not be substantiated.

EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	Rate	% Change	% Spread	Divergence
Portuguese Escudo	200	162.10	-0.40	0.01	50
Spanish Peseta	166.6	166.60	-0.40	0.01	50
Italian Lira	2,000	2,000.00	-0.40	0.01	50
French Franc	100	100.00	-0.40	0.01	50
German Mark	100	100.00	-0.40	0.01	50
Netherlands Guilder	100	100.00	-0.40	0.01	50
Belgian Franc	100	100.00	-0.40	0.01	50
Swiss Franc	100	100.00	-0.40	0.01	50
Austrian Schilling	100	100.00	-0.40	0.01	50
Irish Pound	100	100.00	-0.40	0.01	50
Portuguese Escudo	200	162.10	-0.40	0.01	50
Spanish Peseta	166.6	166.60	-0.40	0.01	50
Italian Lira	2,000	2,000.00	-0.40	0.01	50
French Franc	100	100.00	-0.40	0.01	50
German Mark	100	100.00	-0.40	0.01	50
Netherlands Guilder	100	100.00	-0.40	0.01	50
Belgian Franc	100	100.00	-0.40	0.01	50
Swiss Franc	100	100.00	-0.40	0.01	50
Austrian Schilling	100	100.00	-0.40	0.01	50
Irish Pound	100	100.00	-0.40	0.01	50

For central rates set by the European Commission. Centres are in descending order of strength. Percentage changes are for 1992. A positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the central rate and the actual rate for a currency, and the maximum permitted percentage difference of the currency's market rate from its central rate.

U.K. Sterling and Italian Lira rates reported from Reuters. Adjustments calculated by Financial Times.

Forward premiums and discounts apply to the US dollar.

STERLING INDEX

Jan 7	Jan 8	Jan 9	Jan 10	Jan 11	Jan 12	Jan 13	Jan 14	Jan 15	Jan 16	Jan 17	Jan 18	Jan 19	Jan 20	Jan 21	Jan 22	Jan 23	Jan 24	Jan 25	Jan 26	Jan 27	Jan 28	Jan 29	Jan 30	Jan 31	Jan 32	Jan 33	Jan 34	Jan 35	Jan 36	Jan 37	Jan 38	Jan 39	Jan 40	Jan 41	Jan 42	Jan 43	Jan 44	Jan 45	Jan 46	Jan 47	Jan 48	Jan 49	Jan 50	Jan 51	Jan 52	Jan 53	Jan 54	Jan 55	Jan 56	Jan 57	Jan 58	Jan 59	Jan 60	Jan 61	Jan 62	Jan 63	Jan 64	Jan 65	Jan 66	Jan 67	Jan 68	Jan 69	Jan 70	Jan 71	Jan 72	Jan 73	Jan 74	Jan 75	Jan 76	Jan 77	Jan 78	Jan 79	Jan 80	Jan 81	Jan 82	Jan 83	Jan 84	Jan 85	Jan 86	Jan 87	Jan 88	Jan 89	Jan 90	Jan 91	Jan 92	Jan 93	Jan 94	Jan 95	Jan 96	Jan 97	Jan 98	Jan 99	Jan 00	Jan 01	Jan 02	Jan 03	Jan 04	Jan 05	Jan 06	Jan 07	Jan 08	Jan 09	Jan 10	Jan 11	Jan 12	Jan 13	Jan 14	Jan 15	Jan 16	Jan 17	Jan 18	Jan 19	Jan 20	Jan 21	Jan 22	Jan 23	Jan 24	Jan 25	Jan 26	Jan 27	Jan 28	Jan 29	Jan 30	Jan 31	Jan 32	Jan 33	Jan 34	Jan 35	Jan 36	Jan 37	Jan 38	Jan 39	Jan 40	Jan 41	Jan 42	Jan 43	Jan 44	Jan 45	Jan 46	Jan 47	Jan 48	Jan 49	Jan 50	Jan 51	Jan 52	Jan 53	Jan 54	Jan 55	Jan 56	Jan 57	Jan 58	Jan 59	Jan 60	Jan 61	Jan 62	Jan 63	Jan 64	Jan 65	Jan 66	Jan 67	Jan 68	Jan 69	Jan 70	Jan 71	Jan 72	Jan 73	Jan 74	Jan 75	Jan 76	Jan 77	Jan 78	Jan 79	Jan 80	Jan 81	Jan 82	Jan 83	Jan 84	Jan 85	Jan 86	Jan 87	Jan 88	Jan 89	Jan 90	Jan 91	Jan 92	Jan 93	Jan 94	Jan 95	Jan 96	Jan 97	Jan 98	Jan 99	Jan 00	Jan 01	Jan 02	Jan 03	Jan 04	Jan 05	Jan 06	Jan 07	Jan 08	Jan 09	Jan 10	Jan 11	Jan 12	Jan 13	Jan 14	Jan 15	Jan 16	Jan 17	Jan 18	Jan 19	Jan 20	Jan 21	Jan 22	Jan 23	Jan 24	Jan 25	Jan 26	Jan 27	Jan 28	Jan 29	Jan 30	Jan 31	Jan 32	Jan 33	Jan 34	Jan 35	Jan 36	Jan 37	Jan 38	Jan 39	Jan 40	Jan 41	Jan 42	Jan 43	Jan 44	Jan 45	Jan 46	Jan 47	Jan 48	Jan 49	Jan 50	Jan 51	Jan 52	Jan 53	Jan 54	Jan 55	Jan 56	Jan 57	Jan 58	Jan 59	Jan 60	Jan 61	Jan 62	Jan 63	Jan 64	Jan 65	Jan 66	Jan 67
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WORLD STOCK MARKETS

FRANCE (continued)			GERMANY (continued)			NETHERLANDS (continued)			SWEDEN (continued)		
January 7	Sch	+ or -	January 7	Sch	+ or -	January 7	Pts	+ or -	January 7	Krnr	+ or -
Airbus Industries	1,495	-25	Bouygues	548	+2	Deutsche Bank	335.30	+3.50	Holmberg A	31	+0.50
Alcatel	3,950	+5	Canal	981	-10	Deutsche Post	147.30	+0.30	Investor B	182	-5
Alcatel	908	-7	Carrefour	156.50	-1.50	Drescher Hg	410.50	-5.00	Investor C	129	-4
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor D	230	-10
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor E	130	-10
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor F	123	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor G	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor H	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor I	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor J	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor K	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor L	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor M	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor N	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor O	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor P	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor Q	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor R	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor S	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor T	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor U	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor V	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor W	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor X	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor Y	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor Z	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor AA	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor AB	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor AC	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor AD	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor AE	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor AF	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor AG	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor AH	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Investor AI	121	-3
Alcatel	1,076	-1	Cash	127.50	-1.50	Drescher Hg	410.50	-5.00	Invest		

CANADA									
Sales	Stock	High	Low	Close	Chng	Sales	Stock	High	Low
TORONTO									
3 pm January 7									
Quotations in cents unless marked \$									
7000 Ahtl Pk	514 1/4	514 1/4	514 1/4			22000 Macdonald	517 1/4	517 1/4	517 1/4
5200 AgriGen	55 1/4	55 1/4	55 1/4			22000 Macdonald	517 1/4	517 1/4	517 1/4
17000 Air Cdn	200	200	200	-25		37000 Mega Int	525 1/4	525 1/4	525 1/4
412200 Alkore	516 1/4	516 1/4	516 1/4			4300 Lay 12 Fls	514 1/4	514 1/4	514 1/4
1200 Alumin	515 1/4	515 1/4	515 1/4			1300 Mkt TMT	521 1/4	521 1/4	521 1/4
454000 Alcan Al	525 23 1/2	525 23 1/2	525 23 1/2			3500 Mkt Pwr	515 1/4	515 1/4	515 1/4
126000 Aun Bar	538 1/4	538 1/4	538 1/4			200 Mkt Pwr B	518 1/4	518 1/4	518 1/4
15000 Atco Cl	512 1/4	512 1/4	512 1/4			2000 Mkt Pwr C	518 1/4	518 1/4	518 1/4
120000 Bk Mnt	545 1/4	545 1/4	545 1/4			2000 Mkt Pwr D	518 1/4	518 1/4	518 1/4
12000 Bk Nova S	523 1/4	523 1/4	523 1/4			2000 Mkt Pwr E	518 1/4	518 1/4	518 1/4
12000 Bk Sgr	58 1/4	58 1/4	58 1/4			2000 Mkt Pwr F	518 1/4	518 1/4	518 1/4
35000 BDC Inc	547 1/4	547 1/4	547 1/4			2000 Mkt Pwr G	518 1/4	518 1/4	518 1/4
12000 BDC Inc	547 1/4	547 1/4	547 1/4			2000 Mkt Pwr H	518 1/4	518 1/4	518 1/4
12000 BGR A	56 1/4	56 1/4	56 1/4			2000 Mkt Pwr I	518 1/4	518 1/4	518 1/4
62400 Bontd Brs	512 1/4	512 1/4	512 1/4			2000 Mkt Pwr J	518 1/4	518 1/4	518 1/4
12000 Bontd Brs	512 1/4	512 1/4	512 1/4			2000 Mkt Pwr K	518 1/4	518 1/4	518 1/4
15100 BPC Sls	515 1/4	515 1/4	515 1/4			2000 Mkt Pwr L	518 1/4	518 1/4	518 1/4
40000 Brnsmale	515 1/4	515 1/4	515 1/4			2000 Mkt Pwr M	518 1/4	518 1/4	518 1/4
5700 Brnsmale A	515 1/4	515 1/4	515 1/4			2000 Mkt Pwr N	518 1/4	518 1/4	518 1/4
42000 BSC Tel	518 1/4	518 1/4	518 1/4			2000 Mkt Pwr O	518 1/4	518 1/4	518 1/4
3000 Brnsmale	520 1/4	520 1/4	520 1/4			2000 Mkt Pwr P	518 1/4	518 1/4	518 1/4
1800 Brnsmale	520 1/4	520 1/4	520 1/4			2000 Mkt Pwr Q	518 1/4	518 1/4	518 1/4
48000 CAE Int	55 1/4	55 1/4	55 1/4			2000 Mkt Pwr R	518 1/4	518 1/4	518 1/4
140000 Canbrier	511 1/4	511 1/4	511 1/4			2000 Mkt Pwr S	518 1/4	518 1/4	518 1/4
5700 Canbrier	511 1/4	511 1/4	511 1/4			2000 Mkt Pwr T	518 1/4	518 1/4	518 1/4
41000 Canbrier	511 1/4	511 1/4	511 1/4			2000 Mkt Pwr U	518 1/4	518 1/4	518 1/4
50000 Cdn Tel	518 1/4	518 1/4	518 1/4			2000 Mkt Pwr V	518 1/4	518 1/4	518 1/4
120000 Cdn Tel	518 1/4	518 1/4	518 1/4			2000 Mkt Pwr W	518 1/4	518 1/4	518 1/4
6000 Cdn Occid	525 24 1/2	525 24 1/2	525 24 1/2			2000 Mkt Pwr X	518 1/4	518 1/4	518 1/4
52000 Cdn Pac	518 1/4	518 1/4	518 1/4			2000 Mkt Pwr Y	518 1/4	518 1/4	518 1/4
57000 Cdn Tls	518 1/4	518 1/4	518 1/4			2000 Mkt Pwr Z	518 1/4	518 1/4	518 1/4
77000 Cdn Tls A	518 1/4	518 1/4	518 1/4			2000 Mkt Pwr AA	518 1/4	518 1/4	

Stock	Chg	PV	52w High	Low	Last	Clng	Stock	PV	52w High	Low	Last	Clng	Stock	Chg	PV	52w High	Low	Last	Clng
Alphatech	0.14	83	964	324	314	314	IOF Tech	0.30	10	80	36	351	351	Linn Tech	0.29	7057	2024	2024	415
ADC Corp	0.82	12	20	20	20	20	IOF Tech	13	225	15	14	14	14	Linn Tech	0.58	18	576	37	37
Adelphi E	36	8889	1024	194	204	204	Direx E	0.50	167	107	412	291	291	Linn Tech	0.98	18	576	37	37
Adelphi E	36	8889	1024	194	204	204	Direx E	0.50	167	107	412	291	291	Linn Tech	0.98	18	576	37	37
Adelphi E	36	8889	1024	194	204	204	Direx E	0.50	167	107	412	291	291	Linn Tech	0.98	18	576	37	37
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3 pm January 7

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ET SURVEYS

FT SURVEYS

AMERICA

Economic data offset by short-term doubts

Wall Street

INDECISION among investors about the near-term outlook for equities kept US share prices mostly unchanged yesterday, despite some more good economic news, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Average was 1.63 higher at 3,306.79. The more broadly based Standard & Poor's 500 rose 0.58 to 239.41, while the Amex composite was 1.08 higher at 398.86, and the Nasdaq composite was up 3.45 at 896.30. Trading volume on the NYSE was again heavy at 178m shares by 1 pm.

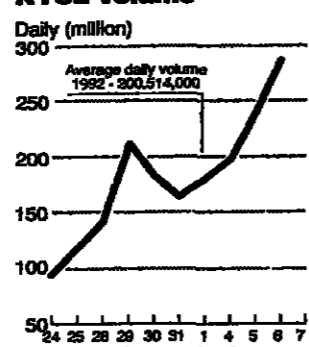
The morning's economic figures should have boosted sentiment. The 40,000 drop in weekly jobless claims had positive implications for labour market conditions and suggested that today's key employment report for December should show that the jobs picture is improving. News of stronger chain store sales and another big rise in consumer confidence was also part of the bright economic package.

But investors remain uncertain about the short-term future for stocks. Fears of a downward correction have been holding back buyers all

week, and good economic numbers were not enough to revive demand. Tension in the Middle East, and mid-morning computer program-selling also contributed to the market's poor performance.

Philip Morris rose 1% to \$73.15 in volume of 3m shares.

NYSE volume



The stock rebounded after several days of heavy selling after the company reassured investors about the market position of its leading brand, Marlboro, and maintained its attacks on recent government claims about the dangers of "passive" smoking.

Charles Schwab jumped 82% to \$29 after the discount broker

said that its fourth quarter profits will be about 53 per cent higher than a year ago, welcome news to investors after a disappointing third quarter.

Home Shopping Network dropped 4%, or more than 10 per cent to \$7% on the news that Justice Department has asked for more information on the pending sale of RMS's controlling interest in Home Shopping Network to Liberty Media.

Kaufman & Broad firmed 4% to \$17% after the home builder reported fourth-quarter profits of 41 cents a share, better than analysts had predicted.

On the Nasdaq market, Intel maintained its sparkling recent performance, rising 3% to \$101%, another new 52-week high, as investors bought in anticipation of strong sales for its new Pentium computer chip.

Canada

TORONTO stocks were slightly lower at midday, as the TSE 300 composite index ended 2.69 lower at 3,350.33 in good volume of 29.4m shares. Among sub-indices, financial services and metals and minerals both fell, while oil and gas and industrial products were higher.

EUROPE

Limited effect from interest rate moves

YESTERDAY'S interest rate changes had a limited effect on bourses yesterday, writes Our Markets Staff.

FRANKFURT closed before the Bundesbank announced a further rate cut of 15 basis points. The later-closing DAX and bond futures markets responded with a slight fall.

Turnover rose from DM3.4bn to DM3.9bn. The DAX index fell 13.88 to 1,542.50. A swinging 1993 earnings downgrade for Daimler-Benz by James Capel caused the motor and aerospace group to drop DM8 to DM35.50.

Some analysts said that this downgrade, and the prospect of more to come, had made investors nervous. Furthermore, the market was trading on a 1993 p/e of 17-18, representing a premium to bonds and to foreign equity markets when German corporate prospects indicated a discount.

Siemens fell DM8.80 to DM28.20 and Alcatel fell further in London in the afternoon. Siemens is due to hold a news conference next Thursday.

PARIS fell as the Bundesbank's decision not to lower its leading interest rates prompted

FT-SE Actuaries Share Indices

January 7		THE EUROPEAN SERIES									
Hourly changes		Open	10.30	11.00	12.00	13.00	14.00	15.00	Close		
FT-SE Eurotrack 100	1083.90	1084.31	1084.23	1083.95	1083.73	1085.60	1082.76	1081.92	1081.92		
FT-SE Eurotrack 200	1172.97	1174.37	1173.87	1172.38	1171.85	1176.02	1173.45	1171.90	1171.90		
		Jan 6	Jan 5	Jan 4	Dec 31	Dec 30					
FT-SE Eurotrack 100	1091.68	1090.07	1083.42	1083.35	1084.02						
FT-SE Eurotrack 200	1179.18	1180.16	1174.71	1169.11	1166.76						
Source: Reuters, 09/01/99 09:59. Information on... 1084.23... 1174.37... 1081.92... 1171.90... 1081.92... 1171.90											

Base value 1000 (20/10/92) High/Low: 100 - 1084.23 - 1176.04 Low/Low: 100 - 1081.92 - 1171.90

dealers to close their long positions. The CAC-40 index fell 15.16 to 1,844.47 in turnover of FF2.5bn.

Eurotunnel went against the trend, adding FF1.65 or 5.7 per cent to FF30.55 in the day's heaviest volume of 1.7m shares. Dealers said that Eurotunnel's relatively high yield and its recent fall below FF30 had attracted attention. There were also hopes that the stock could benefit from some good news this year, when the tunnel should open and an agreement with TML could be announced.

AMSTERDAM gained support in late trading from the Dutch central bank's cut in three key interest rates from today. The CBS Tendency index closed 0.2 higher at 97.6.

the financial daily, *Il Sole 24 Ore*, that both Fiat's car division and its overall industrial activities showed an operating profit in 1992. The report came as a surprise to some analysts. Fiat rose L491 or 5.8 per cent to L3,990. Generali gave the market a late boost by shooting up to L30,100 in late trading, after having been fixed L315 higher at L29,720.

SME added L86 to L5,845 as Irish shareholders approved plans for splitting up the food group and selling off parts.

ZURICH dropped by more than 2 per cent, the SMI index closing 45.1 lower at 2,079.4 on what London dealers described as "long overdue" profit-taking. Pharmaceuticals fell first, after falls in the US counterparty overnight. Ciba-Geigy lost SF19 to SF650.

The financial sector, already destabilised by the CS Holding bid for Swiss Volksbank, followed on disappointment with the Bundesbank's interest rate decision, and on the realisation that a half-point discount rate cut by the Swiss National Bank merely brought long term rates into line with shorts. CS Holding and SEC dropped by SF45 to SF1,935

and by SF8 to SF318 respectively, while Zurich Insurance ended SF80 lower at SF2,010. MADRID saw Cubiertas fall Pt340 or 8.4 per cent to Pt3,695 after the UK construction group, Lilley, in which it has a 21 per cent stake, was put into receivership. The general index lost 0.41 to 220.12.

STOCKHOLM turned lower after the steady gains earlier in the week. The Allshare index fell 7.5 to 944.0 in general turnover of SKr1.01bn after SKr94m on Tuesday.

Trading was dominated by Astra and Ericsson. Astra A fell SKr18 to SKr747 and Ericsson B by SKr10 to SKr186. Volvo bucked the trend, rising SKr12 to SKr375 on renewed speculation that its French partner, Renault, plans to take over the Swedish group.

HELSINKI climbed for the third day on the abolition of restrictions on foreign ownership of Finnish shares and reformed capital income taxation. The Hex index rose 34.3, or 3.9 per cent to 921.9, up 11.3 per cent on the week so far.

OSLO dipped on profit-taking after Wednesday's cut in key interest rates, the all-share index losing 2.90 to 392.03.

Jakarta stocks dampened by Astra ownership crisis

William Keeling finds opinion divided for 1993

On December 29, a dealer entered the Jakarta Stock Exchange, registered a crossing of 10m shares of Astra International in a Rp100bn (\$49m) transaction, and walked out. The incident was an exception. Many brokers had no work at all during the Christmas period.

The Jakarta market has been subdued in recent months. After rising 27 per cent in the first six months of 1992 to above 300 points, the composite index declined to end the year at 274, a 14 per cent gain but less than a Jakarta bank would pay for money on deposit.

Trading volume, although slightly higher than 1991, averaged \$13.2m a day last year while market capitalisation stood at \$19.3bn.

Falling interest rates have brought some cheer, but this is expected to have a mixed effect on corporate performance, since some companies rely on interest earnings for a substantial portion of their profits. Also, over the past two years, companies with higher gearing have increased their offshore borrowing, the costs of which are rising as foreign bankers express concern at Indonesia's \$78bn international debt.

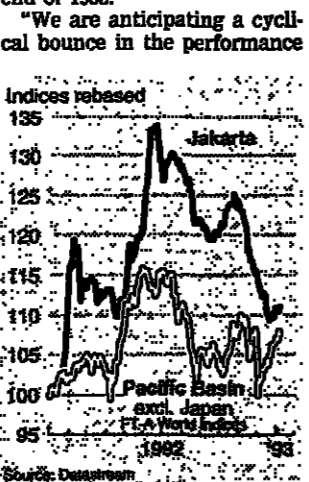
An ownership crisis at Astra International, Indonesia's second largest group, which accounts for about 10 per cent of the market's capitalisation, has also dampened investor enthusiasm.

"We have had strong sell orders. The only difficulty has been finding buyers," notes one foreign broker.

Brokers believe the crisis at Astra is close to being resolved but the company's share price, currently hovering at the Rp800 mark, would have to struggle to return to its mid-

1992 support level of Rp13,000. Nevertheless, the stockbroker community has its optimists. "We all thought about going home in November 1991 (repeat 1991) and then the market rallied," says Mr Peter Arkell, head of research at Niaga Securities. He expects the index to reach 350 by the end of 1993.

"We are anticipating a cyclical bounce in the performance



of the larger companies," he explains, forecasting an 18.6 per cent increase in the market's earnings in 1993 following a small decline last year.

The market also has its pessimists. Baring Securities forecasts earnings growth of just 3.2 per cent this year and advises only selective buying.

Most brokers have adopted a downbeat view of the economy. Although inflation has been cut by one-third to about 6 per cent in the past 12 months and non-oil exports continue to grow at 20 per cent a year, investment is falling sharply.

Economists are also concerned about the banking sector, the woes of which were highlighted last month when

the central bank ordered the liquidation of Bank Summa, which had outstanding obligations of Rp1,800bn.

Brokers across the board are voicing their frustration at the management of the Jakarta Stock Exchange and Bapepam, the government's regulatory body. Last month Bapepam demanded that brokers acting as underwriters must get a bank guarantee to cover their potential obligations.

"It is the only market in the world where such a condition is imposed. Bapepam does not appear to understand markets or to take advice," complains one local broker.

While such rules frustrate brokers, they also complain of poor supervision of companies and inadequate disclosure. Last year saw a spate of internal acquisitions, whereby public companies bought private assets from their majority shareholders. "Public shareholders are getting a raw deal and are receiving inadequate protection from the supervisory authorities," says a senior analyst at one broking house. He believes that some internal acquisitions were conducted at inflated prices.

It is only when looking far into the future that analysts see hope. With a 185m population and economic growth of nearly 6 per cent a year, Indonesia is a large and potentially dynamic market.

And while gloomy about the market's short-term outlook, even the pessimistic brokers consider some stocks as bargains. The foreign director of one broking house describes a particular mining stock as "unbelievably good value. So good, I bought some for my father-in-law".

ASIA PACIFIC

Royal engagement improves mood in Tokyo

Tokyo

THE announcement of the engagement of Japan's Crown Prince Naruhito improved the mood of the market after several dull days, but could not prevent the Nikkei average from slipping towards the close, writes Bethan Hutton in Tokyo.

The Nikkei finished down 1.90 at 16,780.98. It reached a high of 17,063.19, but a rush of selling in the last half-hour wiped out earlier gains to leave the Nikkei not far above the day's low of 16,724.19.

Gaining stocks outnumbered losers for the first time this week, with 619 advancing against 316 declining, and 166 issues unchanged. Volume rose to an estimated 200m shares from 178.6m. The Topix index of all first section shares ended 6.38 up at 1,298.25, and in London the ISE/Nikkei 50 index lost 1.50 to 1,064.84.

News of the royal engagement, to be confirmed later this month, lifted the paper, printing and ink sectors, amid expectations of a boom in demand to meet the expanded press coverage of the bridal couple as well as souvenir issues to commemorate the wedding.

Mitsubishi Paper Mills rose Y23 to Y733, Takasago Paper Y16 to Y276 and Kanzaki Paper Y14 to Y619. Oji Paper, the sector leader, initially climbed to Y879 but fell back to close at Y857, down Y1.

The prospect of commemorative coins boosted metal shares. Sumitomo Metal Mining firmed Y3 to Y845 and Mitsui Mining and Smelting put on Y10 to Y462.

Mitsukoshi and Takasago, two of the most up-market department stores, saw strong gains on hopes of a rush

of wedding gift and souvenir sales. Mitsukoshi closed Y23 ahead at Y733 and Takasago rose Y17 to Y786.

Consumer electronics also gained on the possibility of increased sales of high-definition televisions and other audio-visual equipment ahead of the ceremony, which is expected to attract large audiences. The marriage of the present emperor in 1959 created a boom in sales of the then recently introduced colour televisions. Victor was the principal gainer, appreciating Y39 to Y809.

Hotel and restaurant operators rose on speculation that a copy-cat wedding boom could follow the royal engagement. More general hopes of an increase in consumer confidence as a result of the wedding announcement led to early gains in most sectors, but

some of these were lost in later profit-taking.

In Osaka the OSE average finished 111.96 up at 18,505.94 in volume of 74.2m shares.

Roundup

WEDDING bells in Tokyo failed to lift other markets in the Pacific Rim.

TAIWAN closed 1.7 per cent lower, extending Wednesday's 4.5 per cent drop on continued selling sparked by political tensions ahead of a cabinet reshuffle. The weighted index fell 52.88 to a 26-month low of 3,135.56. Turnover was a moderate \$7.95bn, against \$7.10bn.

The construction sector lost the most, with Pacific Construction falling T\$1 to T\$20.70.

HONG KONG remained weak, sapped by unconfirmed reports of a major placement

by Beijing-controlled Citic Pacific. The Hang Seng index slipped 39.35 to 5,547.32, as turnover contracted to HK\$1.89bn from HK\$2.27bn.

HSBC Holdings topped the actives list and retreated 50 cents to HK\$56.50, followed by HK Telecom, which dipped 10 cents to HK\$9.80.

SEOUL rebounded in active trading as investors, encouraged by expectations of lower interest rates, hunted for bargains. The composite index closed 8.55 higher at 696.95 in turnover of Won\$2.19bn, compared with Won\$77.34bn.

SINGAPORE blue chips receded on profit-taking and the Straits Times Industrial index finished 2.51 down at 1,555.71, after a day's high of 1,562.48. Volume fell to 103.9m shares from 135.5m.

MANILA closed higher for the fourth day as interest in oil

issues continued. The composite index rose 14.79 to 1,292.21 in turnover of 242m pesos.

AUSTRALIA recovered in late trading as the local currency strengthened against the US dollar. The All Ordinaries index ended 11.5 off at 1,630.9 in turnover of A\$309.4m.

News Corp remained under pressure following a negative report by a US broker, losing 88 cents to A\$27.73. BHP shed 18 cents to A\$13.14.

BANGKOK was lifted by a strong banking sector. The SET index closed 10.21 higher at 914.32 in Bt10.4bn turnover. Bangkok Bank climbed Bt3.50 to Bt101, Thai Farmers Bank rose Bt16 to Bt748 and Siam Commercial Bank gained Bt72 at Bt1,168.

NEW ZEALAND weakened after a rise in interest rates: the NZSE-40 index ended 3.27 lower at 1,553.80.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		WEDNESDAY JANUARY 6 1993										TUESDAY JANUARY 5 1993										DOLLAR INDEX	
Figures in parentheses show number of lines of stock		US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local Currency % chg on day	Gross Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local Currency % chg on day	Gross Yield	1992/93 High	1992/93 Low	Year ago (approx)				
Australia (68)		121.07	-2.4	118.40	98.85	102.82	120.54	-1.7	4.03	124.03	118.98	98.04	104.79	122.59	153.88	108.19	151.25						
Austria (18)		134.91	-0.2	127.71	106.82	114.65	114.48	+0.0	2.13	136.18	120.67	108.05	114.20	114.49	186.70	132.87	170.08						
Belgium (42)		132.51	-0.7	127.41	104.91	112.90	108.84	-0.8	5.22	133.45	128.02	105.48	112.74	110.25	152.27	131.19	144.51						
Canada (113)		115.21	-0.1	110.77	81.21	97.89	108.57	+0.0	3.18	115.30	110.61	81.13	97.40	106.62	142.12	111.36	137.25						
Denmark (33)		191.76	+1.0	184.37	151.82	162.36	164.53	+1.2	1.82	189.85	182.13	150.08	160.49	163.62	278.94	181.73	272.92						
Finland (15)		72.75	-0.3	69.94	56.90	61.82	62.21	+0.0	1.56	72.95	69.98	57.67	61.63	62.21	69.80	52.84	62.61						
France (98)		148.42	+0.0	140.78	115.92	124.41	127.83	+0.5	3.52	146.40	140.44	115.72	123.68	127.34	168.75	136.93	151.93						
Germany (82)		153.92	-0.5	149.92	122.29	138.31	138.31	+0.0	2.58	154.06	150.30	122.86	138.33	138.33	168.39	129.89	151.06						
Hong Kong (55)		224.16	+0.3	213.85	177.47	190.50	222.82	+0.3	4.05	223.50	214.40	178.68	192.82	192.82	273.34	175.34	272.92						
Ireland (16)		144.68	+1.8	139.10	114.54	122.94	126.97	+2.5	4.31	142.18	138.39	126.39	120.12	123.93	173.71	122.96	169.29						
Italy (78)		53.38	-0.4	51.50	42.73	45.87	46.36	+0.0	3.28	53.78	51.59	42.51	45.43	46.36	50.88	47.47	77.13						
Japan (172)		103.41	-0.7	98.42	81.87	87.88	81.87	-0.5	1.03	104.13	98.89	82.31	87.98	82.31	97.98	87.27	134.50						
Malaysia (58)		281.35	+0.9	251.28	206.91	222.08	251.05	+1.0	2.54	283.93	248.38	204.65	218.75	259.48	282.42	212.49	215.20						
Mexico (18)		171.42	+2.5	164.58	134.97	145.42	162.17	+2.2	1.03	169.89	160.12	131.98	140.78	169.84	178.77	118.84	149.90						
Netherlands (25)		152.24	-0.2	148.38	120.53	128.38	127.61	+0.3	4.46	152.64	148.34	120.58	128.99	127.17	188.70	147.88	153.83						
New Zealand (13)		42.08	-2.0	40.44	33.30	35.74	44.11	-2.2	4.98	42.91	41.16	33.92	36.25	45.09	40.84	37.39	47.88						
Norway (22)		145.42	+0.8	139.82	115.13	123.58	137.82	+1.3	1.75	144.28	138.41	114.05	121.90	136.11	192.55	128.05	184.41						
Singapore (38)		219.98	-0.7	208.68	170.19	162.67	184.49	-0.4	2.00	218.50	207.88	171.14	182.91	185.07	229.83	178.85	223.14						
South Africa (80)		147.27	+1.8	141.60	116.58	125.14	137.88	+1.0	3.23	144.72	138.83	114.40	122.26	136.41	263.80	134.21	228.14						
Spain (47)		117.99	-0.2	113.44	93.42	100.26	103.91	+0.0	5.84	118.24	113.43	93.47	99.90	103.91	161.72	107.10	157.91						
Sweden (31)		168.15	-0.3	161.67	133.13	142.89	160.60	+0.0	2.30	168.73	161.68	133.38	142.55	160.60	228.59	148.59	183.96						
Switzerland (56)		112.70	1.4	108.38	89.23	98.78	108.90	-0.2	2.06	114.28	109.63	80.34	98.58	108.90	122.37	95.99	120.67						
United Kingdom (226)		164.45	-0.4	168.31	138.74	158.31	0.1	-4.40	175.71	168.56	148.43	165.56	159.57	161.96	192.67	161.96	186.50						
USA (522)		173.53	-0.0	170.69	140.56	150.97	172.53	-0.0	2.98	177.45	170.25	140.68	149.63	177.45	180.06	160.92	170.07						
Europe (788)		139.94	-0.4	131.66	108.42	118.37	127.64	+0.0	3.76	137.44	131.85	108.24	116.12	126.62	158.88	106.31	148.15						
Nordic (101)		151.91	-0.1	148.06	120.27	129.09	147.48	-0.5	2.06	158.90	144.82	119.89	128.24	144.60	188.92	121.42	187.52						
Pacific Basin (715)		106.14	-0.7	103.88	88.62	91.90	87.48	-0.5	1.38	106.10	104.47	86.08	92.07	87.94	141.97	83.70	135.64						
North America (835)		173.86	-0.0	166.97	137.51	147.80	172.71	+0.0	2.98	173.60	166.53	137.24	146.69	172.95	176.94	158.70	168.70						
Europe Ex. UK (542)		114.42	-0.4	110.01	90.61	97.25	102.42	+0.1	3.28	114.83	110.16	90.29	97.03	102.26	132.98	91.13	128.58						
Asia Pacific (1724)		122.92	-0.4	118.22	94.49	102.28	118.22	-0.4	2.98	123.05	118.22	94.49	102.28	118.22	132.98	91.13	128.58						
World Ex. US (1874)		120.95	-0.5	116.29	95.76	102.78	104.80	-0.2	2.50	121.51	116.69	95.85	102.65	105.03	146.91	91.59	142.91						
World Ex. UK (1970)		135.67	-0.2	130.45	107.42	115.30	123.13	-0.1	2.45	135.99	130.45	107.50	114.00	123.26	158.88	106.31	148.15						
World Ex. So. Af. (187)		117.87	-0.2	115.11	118.25	128.78	0.1	-2.96	139.51	135.63	110.27	117.87	128.35	135.63	158.88	106.31	148.15						
The World Index (2196)		138.08	-0.2	133.73	110.12	118.20	127.10	-0.1	2.98	138.43	133.76	110.22	117.87	127.24	153.70	108.66	151.71						